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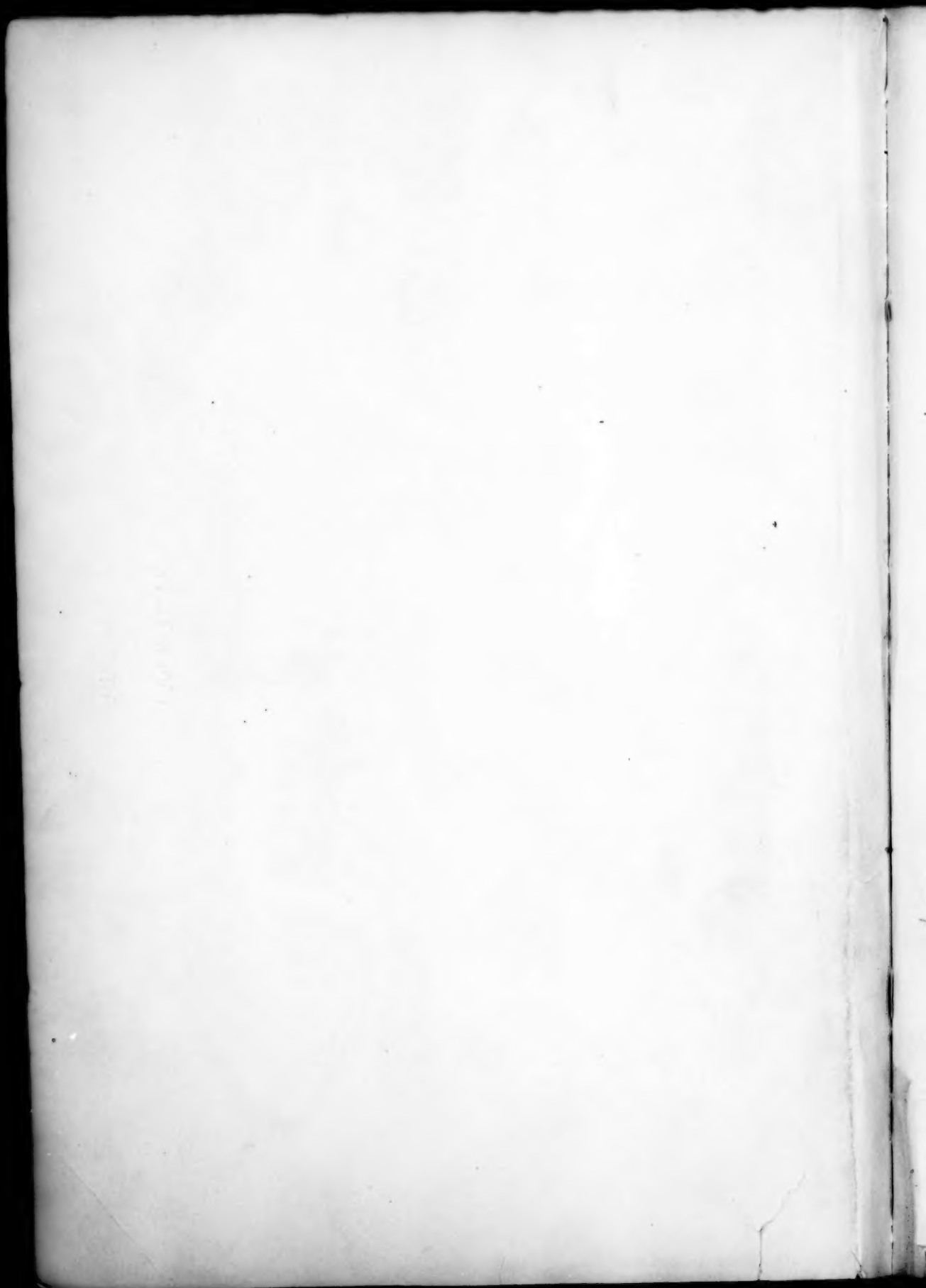
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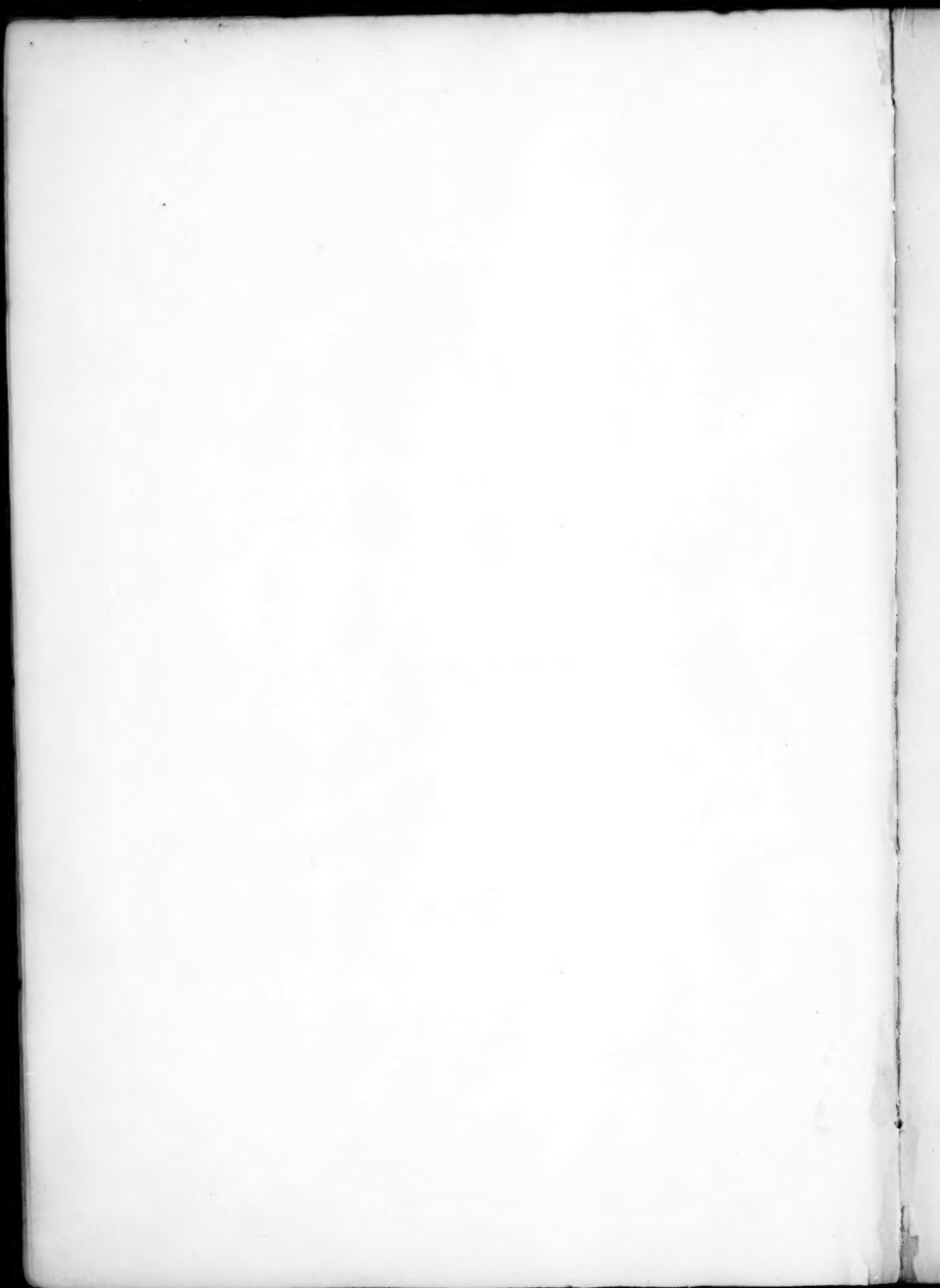
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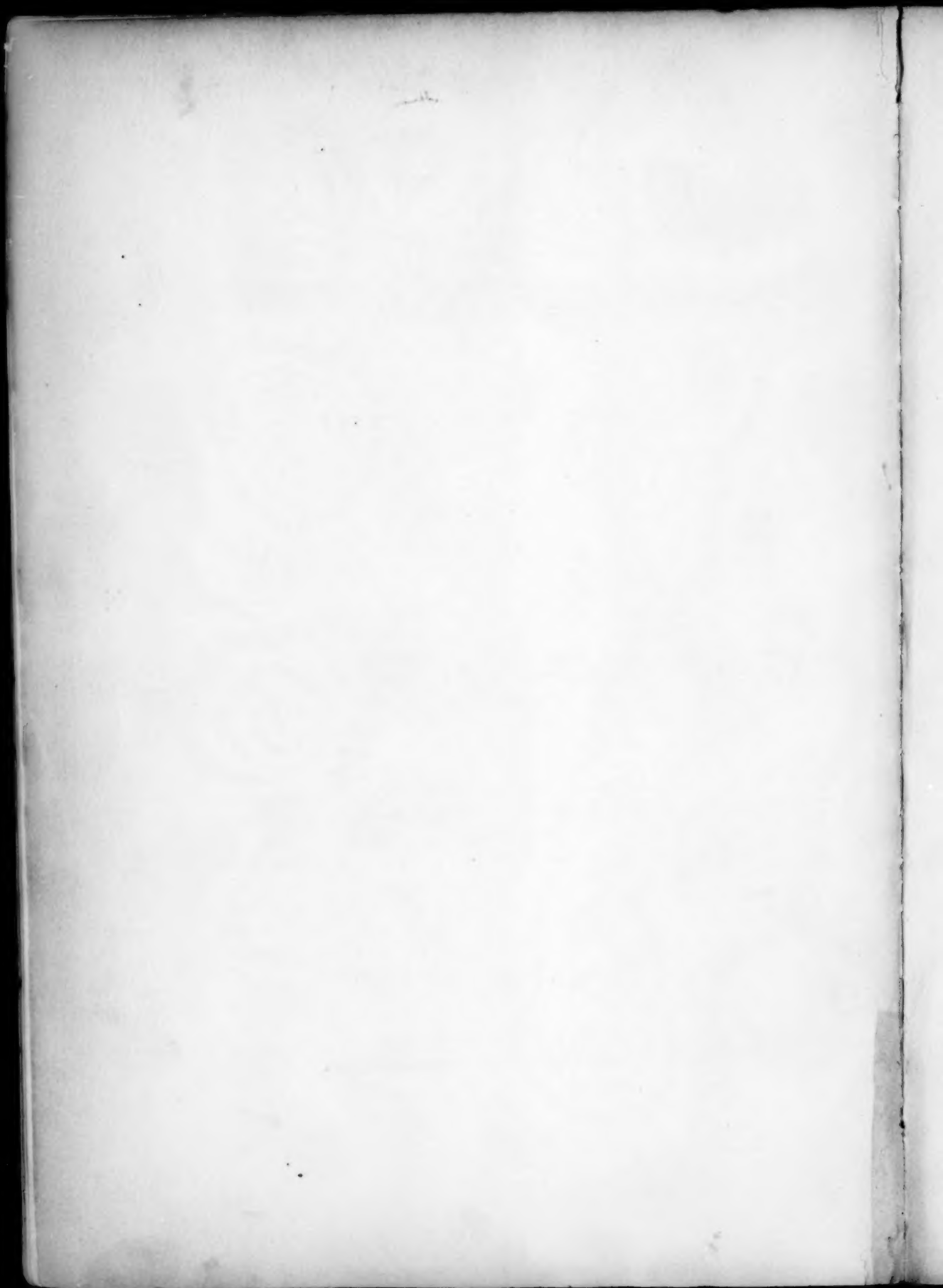
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## THE TARIFF AND THE EXPORT TRADE OF THE UNITED STATES

In considering the effect of a protective tariff upon the export trade of the United States, I shall look at the question from a business point of view, and attempt to measure the influence of the tariff as it is developed in business relations, and shown in practical results. I shall discard all discussion of theory, and avoid all doctrinaire conclusions. I do not attach much importance to these considerations, in comparison with the actual results of a fiscal policy, as determined by experience extending over a long period of time.

Neither do I believe that it is worth while to borrow trouble about the possible effects of our own tariff policy in determining that of other nations. We have heard much recently about the probabilities of a general combination among European nations, for retaliatory legislation for the exclusion of American-made products from these countries, on the ground that their own products are excluded from the United States by customs rates which are practically prohibitive in direct competition with American-made goods of the same general character. Fear has been expressed that the United States will ultimately find the great manufacturing nations of the world united in a trade league against us. I cannot share in this apprehension. Nothing is more selfish than commerce, and no sentimental consideration of national resentment against the United States because of its protective policy, can ever bind the European nations together in such a movement, and can never induce the individual traders of any one of these nations to consent to such a movement. Men will buy and sell wherever they can turn a profit thereby. For such trade as is possible with the United States, there will always be the most intense competition, not only among the nations, but among the individual manufacturers and merchants of each nation; and always with the expectation that the time will eventually come, as it undoubtedly will, when the American tariff barriers will be lowered, and the nation and the individual who already occupy some of the field, will be in the best position to take advantage of the larger opportunity to follow. The foreign trade of the United States is so enormous,

in comparison with that of other countries, and its possibilities are so unlimited and so alluring, that no country will bind itself, by treaty or compact, to exclude itself from future participation in it. Whatever we may think of Mr. Chamberlain's conversion to protection, along the line of preferential tariffs with the British colonies; whatever may be the effect of the adoption of his policy upon our trade with Great Britain, the motive of retaliation against the United States forms no part of it.

The whole course of the foreign commerce of the United States, under a protective tariff, justifies the conclusion that retaliatory legislation need not be feared, and that high duties on foreign products entering this country, do not interfere, in any perceptible degree or measurable manner, with the outflow of American-made products. During the last twenty-five years, although the volume of the imports into the United States has nearly doubled, there has been practically no increase in the value of the manufactured or partly manufactured articles imported. This branch of foreign trade has remained practically stationary, although our population has doubled, and our wealth quadrupled in the interval.

Contrast this fact with the growth of our export trade in manufactures. In 1860 these exports amounted to about \$40,000,000 out of a total export trade of \$316,000,000, the manufactured articles thus comprising 12.7 per cent of our total exports at that time. In 1902 the value of domestic manufactures exported had risen to \$403,641,401 in a total export trade of \$1,355,481,861—an increase in the export trade of 328.9 per cent, and in the export of manufactured articles of over 900 per cent since 1860. But in truth the increase in manufactured exports was far greater than is shown by the above figures from the Commerce and Navigation reports of the Treasury Department. These reports exclude from the category of manufactures a great number of articles which the Census Office classifies as manufactures, and which must be so classified, in my judgment, in order to present any fair picture of our export trade of this description.

Among the commodities which the Treasury Department classifies as products of agriculture, and the census classifies as products of manufactures, may be enumerated such articles as flour, corn meal, bread, biscuits, oils, glucose, glue, oleomargarine,

lard, sugar, molasses, wines, preserved fruits and vegetables, lumber, etc. Some of these articles may be said to lie on the borderland between the two branches of industry; but in every case they are products of agriculture or of forestry which have been increased in value and transformed from their original condition, by definite processes of manufacture. If all such articles, which in a strict sense of the word are products of manufacture, were so classified in the figures of our exports, the sum total of the exports of manufactures for the year 1902 would at once be increased from \$403,641,401 to over \$800,000,000, or more than double what the official figures show these exports to be. This fact should certainly be borne in mind in any attempt to measure the immensity of our export trade in manufactured articles, and the phenomenal rapidity of its growth. Only one nation on the globe, Great Britain, exports an equal value of manufactures, if the census classification is followed.

The record seems to demonstrate that in order to build up a foreign trade in manufactured articles, it is not necessary to correspondingly increase our purchases of similar goods abroad. We have conclusive evidence in Mr. Chamberlain's speeches, that he has studied and been impressed by these remarkable figures. The whole argument might be rested on them, with safety. They are in the nature of a practical demonstration that the tariff does not militate against the growth of an export trade. But it will be well to examine the actual situation with some detail.

So far as our agricultural products are concerned, the question of the influence of the tariff upon the export trade in them, is hardly worth considering. The world takes our foodstuffs, as much of them as we can spare ourselves, because it cannot get along without them. It takes our raw cotton, because it has no other sources of supply that can meet its demands, either in quantity or quality. It takes our meat products and lumber products because they are better and cheaper than it can get elsewhere. It can find no substitute for American-grown tobacco.

The factory and the farm have been joined together in a partnership which means much to both, and which is of great significance in its effect upon our export trade. If we can supply the world with wheat more cheaply than any other country, we can more cheaply supply it with the increasing number of manufactured



foods produced from wheat and other grains. The same is true of lumber, and all the varieties of the manufactures of lumber. To our immense exports of raw cotton there has recently been added the rapidly growing export trade in the various products of the cotton seed. Wherever we have a natural advantage in the production of the raw materials of manufactures, some portion, at least, of that advantage must lie with us when we seek foreign markets for the goods made out of those raw materials. The natural resources of the United States, due to the diversity of our soil, the variety of our climate, the richness of our forests, and the fecundity of our mines, exceed those of any other civilized country. Whether our tariff shall be high or low, this advantage must continue.

If the above considerations are sound, it follows that the tariff can exercise a direct and detrimental effect upon the further extension of the export trade of the United States, only through its restrictive features, and the possible influence of these features upon the relative advantages of our domestic manufacturers, in competition with those of other countries seeking the same trade. In so far as import duties upon imported materials which are necessary for the manufacture of articles intended for export, may add to the price of those materials, they must, of course, affect in some degree the development of our export trade. To determine the extent of this handicap, it is necessary to look a little closely at the manner in which the existing tariff law deals with raw materials of foreign origin.

The first fact to impress us is that nearly 45 per cent of the total imports into the United States, during every year that the present tariff law has been in operation, have entered free of all customs duty. Naturally the great mass of these free entries, aggregating \$353,590,060 per annum, on an average, are raw materials imported by and for our manufacturers. So far as the raw materials which they use are upon the free list, the American manufacturers are in precisely the situation of their most favored foreign competitors, and the tariff does not affect their export trade in any degree. Those not familiar with the subject will be surprised to learn, by an examination of the free list and an analysis of the Treasury returns of imports, how nearly universal is the free admission of manufacturers' raw materials. We need long-stapled cotton from Egypt, to supplement our own in making

finer yarns; we get it as free of customs as the Lancashire spinner. We need raw silk from China, Japan and southern Europe, to feed the looms of our wonderfully developed silk manufacture; we get it on the same terms as England; and within the comparatively short period since this manufacture has taken root in this country, we have passed far beyond the highest point attained by Great Britain before the silk manufacture began to languish and decay in that home of the textile industries. We need rubber from tropical countries, for a rubber industry greater in its extent and its variety of products, than that of any other country. In every line of manufacture which depends upon raw materials of tropical or sub-tropical growth and character, our export trade is unhampered by tariff restrictions.

On the other hand, there are certain raw materials upon which duties have been imposed—it is not necessary to argue here whether wisely or unwisely—for the purpose of encouraging the production of similar raw materials in this country, on the theory that they can be grown or produced here as advantageously as anywhere else, and that they will be grown or produced as cheaply as anywhere else, as the result of the home competition thus engendered.

In a few industries the effect of the duty upon the raw materials has unmistakably been to prevent any systematic attempt to build up an export trade. The most striking instance of this character is the wool duty. The effect of this duty is perceptible, not only upon the price of home-grown wool, which is enhanced by some considerable part of the duty, but also in its curtailment of importations of the most desirable varieties of Australian and South American fleeces. For this reason among others—and there are several others of importance—there has thus far been no serious attempt to develop an American export trade in woolen goods. The one possible exception to this rule, is in the case of carpets. The American inventions in carpet machinery, and American skill in devising attractive patterns, have enabled some competition in this line, notwithstanding the handicap of the wool duty. But in the matter of woolen and worsted cloths, we have done nothing and can do nothing, and it is of very little moment, so far as our general export trade is concerned, that we cannot.

The best statistics available indicate that the total value of

the exports of all classes of woolen goods, from all countries, do not equal \$300,000,000, which is less than half the total value of the world's exports of cotton goods, and is an insignificant sum, in comparison with the great total of the world's manufactured exports. The tariff duties on the raw materials of the linen manufacture might be cited as another instance of restrictive influence; but the facts show that the world's export trade in linens, instead of increasing, has a tendency to decline, and there are many economic reasons why it is hopeless for the United States to attempt to build up a linen manufacture even sufficient for home consumption.

The same considerations apply in a more limited degree in a few other directions, and there has been much complaint regarding the duty on iron ore, and the 15 per cent duty on raw hides. I am convinced that the effect of these duties, in the matter of our foreign trade in manufactured articles requiring the use of foreign materials thus taxed, has been greatly exaggerated. The duty on hides, first imposed in the tariff of 1897, was roundly denounced as an impediment to the development of an export trade in boots and shoes. An impediment it certainly is; and I doubt if it has been of the slightest benefit to a single American farmer engaged in raising cattle. I should like to see that duty wiped out; it is of no moment as a source of revenue, and of no value as a protective duty; but it has not stopped the irresistible advance of American-made footwear in the markets of the world. It is worth while to prove this statement by the official statistics.

In 1897, when the tariff duty on raw hides was first imposed, our exports of boots and shoes consisted of 1,224,484 pairs, valued at \$1,708,224. In 1903, notwithstanding the tax, the exports of boots and shoes had risen to 4,197,566 pairs, valued at \$6,665,017. In a word, our foreign trade in these products has increased more rapidly in the seven years since the duty was imposed upon raw hides, than in any twenty-five years prior to that time. In all the other manufactures of leather, there has been an increase in exports equally notable, and the value of our exports of leather itself, has grown from \$19,161,446, in 1897, to \$31,617,389 in 1903. If, therefore, the high duty is an impediment to the growth of our export trade, resort must be had to some other source than the official statistics to prove the fact.



And here another consideration enters, of importance to an understanding of the question. I refer to the drawback provisions of the tariff law. Under these provisions 99 per cent of the duties paid upon imported raw materials used in the manufacture of exported articles, will be refunded by the Treasury Department, under certain conditions and regulations. These conditions and regulations are cumbersome and often difficult to comply with; nevertheless, resort to the drawback privilege is general among manufacturers regularly engaged in the export trade. A measure is now pending in Congress, with every prospect of ultimate passage, the purpose of which is to so liberalize and extend the drawback privilege that resort to it may become universal without detriment to the use and value of home-grown materials. The enactment of this measure will, in the judgment of our largest and most experienced exporters, do away with the single impediment to the further extension of our export trade, growing out of duties levied upon imported materials.

There is another side to the question to which I now ask attention, as throwing an important side-light upon a correct conclusion. It refers to a phase in the development of American manufactures which has thus far received little attention from economic students, but which, as I view it, is of paramount importance, in any attempt to get at the fundamental truth. In many lines of manufacture, American supremacy is so completely assured, for one reason or another, that American control of the world's markets has become chiefly a mere matter of business administration and facility. The foreign trade has outgrown the capacity of the home establishment; in considering the question of enlargement to meet the business directly in sight, these manufacturers have been brought face to face with an economic problem which they have settled on ordinary business principles. To illustrate: an American sewing-machine company finds its foreign trade increasing so rapidly as to compel the erection of a new factory: it decides to erect that factory, not in the United States, but in England, where its foreign sales are the largest. Its business still increasing it erects another factory, this time in Germany, or perhaps in France. Here, under the supervision of American superintendents, sustained by American capital, protected by American patents, inspired by American business energy and enthusiasm,

it continues the manufacture and sale of American sewing machines. Two paramount considerations have brought about this transplantation. Questions of freight and transportation are of great moment in it. The matter of wages is obviously of even greater moment. I suppose it is true that, given American patents and machinery, American energy and system in administrative positions, and American methods of the subdivision of labor, manufacturing can be carried on in European countries more cheaply than it can in the United States, by something like the difference in wages paid in the two countries. In this statement I do not take cognizance of the effects of trade-union regulations which result in a greater restriction of output per employee, in certain foreign countries, England in particular, than occurs in the United States. Nor do I take cognizance of the further fact, that, man for man, the average American working-man can accomplish more work, in a given time, and better work, than the average working-man of any other country, and can thus offset, in a very considerable degree, the difference in wages between our own and all European countries. Conceding both these points, it remains the fact that a constantly increasing number of our great manufacturing corporations are constructing vast plants abroad to supply their foreign customers; and of course they would not do this unless experience proved that there was advantage in it. I have before me a long list of these establishments. It indicates that more than fifty million dollars of American money is now invested in European plants devoted to the manufacture of various American specialties, including all descriptions of electric apparatus, sewing machines, belting, radiators, shoe machinery, steel chains, machine tools, hoisting machinery, boilers, pumps, blowing engines, mining machinery, printing machinery, coal-conveying apparatus, elevators, match-making machinery, pneumatic tools, and photographic apparatus.

The Western Electric Company, of Chicago, is interested in extensive factories in London, Paris, Antwerp and Berlin, not all of them carried under the name of that company, but all of them established and controlled by its capital. The General Electric Company has three or four such establishments, and has recently constructed a huge new factory at Rugby in England. The Westinghouse Company has just finished, at Trafford Park in

England, one of the largest electric factories in Europe, employing two or three thousand men, and it has other factories in Havre, France, and St. Petersburg, Russia. The Singer Machine Company has three large plants in Europe, under its direct control. The Chicago American Tool Company is building a plant at Frazerburg, near Aberdeen. The Hoe printing presses are made in London, as is also American linotype machinery. The Draper Company has recently completed its new factory in Lancashire, to supply the greatest cotton-manufacturing district of the world with the American fast-running Northrup loom. This list might be extended indefinitely, and a fine field for investigation is opened for the full measurement of this remarkable transplantation.

Much has been written about the invasion of foreign manufacturing capital into the United States, for the construction of factories to supply the American market, in competition with American manufacturers. A great deal of such capital has found investment here, particularly in the textiles; but the sum total of this American investment of foreign manufacturing capital is a bagatelle in comparison with the American manufacturing capital which has found investment in European countries within the last fifteen years, and is now engaged in manufacturing what are known as American goods on foreign soil. The irruption of American wares, of which the foreign manufacturers have complained so loudly of late, is an interesting and significant phenomenon in connection with the question under discussion. Far more significant, it seems to me, is this construction of American factories on foreign soil, to construct American machinery and appliances by American methods, in direct competition with the strongest foreign establishments, and in bold and avowed determination to control the markets of the world.

Can it be fairly argued that the protective tariff is driving these American manufacturers abroad in order to obtain advantages for competition in the world's market, of which that tariff deprives them at home? To make the claim, is to concede the contention of protectionists, that the tariff is necessary to preserve the high standard of American wages; for, as this paper has endeavored to show, higher wages are the only handicap of American manufacturers seeking foreign markets, of any moment, which can be directly or indirectly attributed to the existence of the tariff. On

the other hand, the question may fairly be asked whether our manufacturers would have been able to invade foreign markets from the vantage-point of foreign soil, if they had not grown so powerful and so masterful, under the protective laws which gave them complete control of the American markets during the period of their infancy and adolescence? To argue this question is to plunge into the polemics of the subject; and this is ground upon which it is no part of my purpose to enter.

I will conclude, therefore, by brief allusion to an aspect of the subject suggested by this remarkable invasion of American manufacturing capital and enterprise into European countries, for the purpose of hand-to-hand competition on their own soil. It will necessarily result—it has already resulted—in a large diminution of our export trade in American manufactures.

Instead of making in America electrical apparatus, cotton looms, all kinds of machinery, tools, etc., to ship abroad for sale, our manufacturers will increasingly produce these wares abroad for their foreign trade, and the statistics of our exports will be correspondingly reduced. They are already so reduced in value and amount to many millions of dollars every year. It may easily come about, in the course of time, that the volume of our foreign trade in manufactures, instead of increasing by leaps and bounds, as it has been doing, will gradually become stationary, and even show a decline. And yet all the time, the actual contribution which the United States makes to the world's commerce in manufactures, will have continued to increase, and will be hidden in the export statistics of the countries to which they have transplanted their mills and machine shops.

All this adds another to many evidences of the rapid advance of what may be called the internationalism of trade. The geographical boundaries of nations are ignored in the stupendous enterprise of modern industrialism. Tariff laws cannot restrain it or control it. Local prejudices cannot circumscribe it; the world is the field of the twentieth century *entrepreneur*; and in the competition for the world's trade, the American manufacturer has the advantage over all the rest. He has behind him a country of unlimited resource; he has the daring and adventuresome spirit which our institutions and our conditions encourage and develop; he has the command of the unlimited capital which our industry and

enterprise have created; and, not the least among his advantages, *he knows how to do it*, because his American training has taught him how. To what extent the protective policy has played a part in the matter, I do not undertake to say. But I declare my belief that the American tariff is no obstacle whatever in the way of the eventual outcome. Many of us will live to see the day when the supremacy of the United States, as the world's manufacturer, will be an undisputed and self-evident fact.

S. N. D. NORTH.

*Washington, D. C.*



## THE TARIFF RELATIONS OF THE UNITED STATES AND THE PHILIPPINE ISLANDS

At the present time customs duties, at revenue rates, are collected by the insular government upon practically all goods imported into the Philippines and upon certain goods exported therefrom. The import taxes apply to goods coming from the United States in precisely the same manner as to goods from foreign countries. But the export duties apply only in part to wares going from the Philippines to the United States, for a drawback equal to the export tax is allowed whenever products of the islands are entered for use and consumption in the United States. Similar taxes have been imposed in the islands ever since the occupation of Manila by the American troops. The revenues derived from these taxes are paid into the insular treasury and are expended for the support of the government in the islands. They constitute over 80 per cent of the gross receipts of the government, or about 95 per cent of the net receipts available, under the present arrangements, for general purposes. Their loss would be a very serious matter to the government in the islands.

At the present time, also, customs duties are levied at the rate of 75 per cent of the Dingley tariff upon all products originating in the Philippines imported into the United States and at full rates upon all other goods coming from the Philippines. The revenue derived from these taxes, which is not very considerable, is, also, appropriated to the benefit of the insular government.<sup>1</sup> From the time of the American occupation of the islands to the approval of the act of March 8, 1902, which established the present tariff relations between the islands and the United States, duties were collected at the regular rates of the Dingley tariff, except for the interval between the decision of the Supreme Court (December,

<sup>1</sup> In one sense this arrangement results in a loss to the insular treasury. For in 1902 the drawbacks allowed on account of the export duties paid amounted to \$385,000, while the duties collected were only \$73,000, a net loss, over what would have been received had the export duties been retained, of \$312,000. See the "Monthly Summary of the Commerce of the Philippine Islands," for December, 1902, p. 636.

1901) in the case of "Fourteen Diamond Rings," *Emil J. Pepke, claimant, vs. the United States*, and the approval of that act.<sup>2</sup>

For reasons which will be discussed more fully below, the customs duties collected in the islands are considered indispensable on account of the revenues they yield. These duties, if collected at all, must apply equally to goods from the United States and to goods from Spain, because under Article IV of the treaty of Paris, this country agreed, for a term of ten years, ending April 11, 1909, to "admit Spanish ships and merchandise to the ports of the Philippine Islands on the same terms as ships and merchandise of the United States." This provision of the treaty would be comparatively unimportant if Spain were the only country beside the United States to enjoy under it any privileges in the way of free trade or tariff reduction that may be arranged for the benefit of our manufacturers. But the view has been advanced that under "the most favored nation clause" in our commercial treaties so many other nations will claim the right to participate in these privileges that the insular revenue from the customs system will be seriously impaired. It may, of course, be argued that the agreement with Spain was a special concession in the nature of part of the purchase price of the islands and that other countries cannot claim the same privilege. But it would be better if the necessity for raising the question could be avoided. There are no very cogent economic reasons which can be urged in favor of giving the United States any advantage over other nations in selling wares in the islands, when the sole obstacle is a tariff to raise revenues which are much needed in the islands and which cannot be had so well in any other way. The political argument that the revenues are needed overrules any plea of mere sentiment. Moreover, even if the exemptions were confined to the United States and Spain, it would be extremely difficult to prevent the products of other nations from coming in, via Spain. The old Spanish tariff allowed a heavy preferential on Spanish merchandise, and the merchants of other European countries took advantage of this provision by establishing houses or factories in Spain in order to make their goods technically Spanish. These old arrangements could the more easily be revived, now that Spain has no interest to limit or prevent them.

<sup>2</sup> The force of the decision was that the duties collected on goods from the Philippines after the exchange of ratifications of the treaty of Paris, and until the approval of the act of March 8, 1902, were illegal. This period was from April 11, 1899, to March 8, 1902.

It is not necessary for the purposes of this paper to review the intricacies of the arguments or to analyze the decisions in the famous insular cases in which the Supreme Court passed upon the constitutionality of these tariffs. It is sufficient for our present purpose to state the results. So far as the tariff in the islands is concerned, the decisions of the Supreme Court established two periods during each of which the legality of these duties rested on a different basis. First, there was the period during which war continued, presumably both the war with Spain and that with the insurgents, namely, from the occupation of Manila down to the Fourth of July, 1902, when the President issued his proclamation declaring that peace existed in the Philippines, except in the territory occupied by the Moros.<sup>3</sup> During this period the right to collect duties in the Philippines, both upon imports and exports, no matter what their origin, rested on the power of the President as commander-in-chief of the army to do whatever may in his judgment be necessary for the successful prosecution of war. A decision by him that the imposition of duties is necessary in the territory where war exists cannot be reviewed by the courts. The duties collected by the civil government, so called, under Governor Taft, rested at first on the military authority of the President, just as did those collected by the military government which preceded it; for the source of its authority was the same, the distinction between military and civil in the affairs of the islands being simply one of convenience.

The second period was that after peace had been declared. It continues to the present time. The authority for the duties now imposed is found in the act of March 8, 1902, the constitutionality of which is to be assumed from the fact that a precisely similar act applied to Porto Rico was found to be constitutional. This had been called in question because of a supposed conflict with that clause of the Constitution which requires that "all duties, imposts and excises shall be uniform throughout the United States." The

<sup>3</sup> The Supreme Court of the United States has not passed directly upon the duties collected in the islands in the period from the close of the Spanish war to the passage of the act of March 8, 1902. The statement in the text is to that extent merely the opinion of the present writer; but it is sustained by several decisions of the Court of Customs Appeals of the Philippine Islands, notably in case No. 18. The doubtful points are: whether an insurrection not represented by any organized government calls into being the military authority of the President to the same extent as a war with a foreign nation; and whether the "insurgents" were more than bands of robbers incapable of creating "war."



Supreme Court, by inventing a distinction between "foreign territory in an international sense" and "foreign territory in a domestic sense," found a way to sanction the lack of uniformity in duties between our insular possessions and the rest of the United States. It also decided that the power to provide a government for territory acquired as were the Philippines, rested wholly in Congress; and that Congress could constitutionally sanction the levying of duties in such territory. The act of March 8, having sanctioned the tariff prepared and put in force by the United States Philippine Commission, the present duties are fully sustained.

The constitutionality of the export duties collected in the islands forms, in the minds of some people, a separate and distinct question, on account of the special reference to export duties in the Constitution and of the novelty of such duties in American practice. They rest, however, upon precisely the same grounds as the import duties levied in the islands and were equally legal in each of the same two periods. The Federal Constitution declares that Congress has no power to levy a tax or a duty on articles exported from a State. But the Philippines, according to the Supreme Court, are not even analogous to a State and therefore these duties do not come under this prohibition. The Constitution further declares that no State shall levy export duties without the consent of Congress, clearly implying that such duties might be levied with the consent of Congress. If, therefore, the Philippines should be regarded as analogous to a State, the consent of Congress having been obtained the insular government could collect export duties. On either horn of the dilemma these export duties are legal.

The constitutionality of duties levied on goods coming from the Philippines to the United States rests on different grounds in each of three distinct periods. The first was the period of the war with Spain, during which the Philippines remained foreign territory in every sense, and consequently there could be no question as to the application of the regular duties to goods coming from them. This continued until the sovereignty of the United States was fully confirmed by the exchange of ratifications of the treaty of Paris.

The second was the period from the ratification of the treaty of Paris, when the islands were ceded by their former sovereign and could no longer be considered foreign soil, until Congress

determined what the duties should be by the act of March 8, 1902. This was a sort of interregnum during which any duties levied on goods coming from the Philippines were illegal.

The third or present period is that since the passage of the act of March 8, 1902. The duties now levied upon goods coming from the Philippines to the United States rest upon the same grounds as those upon goods from the United States to the Philippines. They may be of any character that Congress shall provide.

Whatever may be thought of the general logic of the decisions of the Supreme Court in the insular cases as to the limits of the Constitution, and however much the fact that the court was so evenly divided may seem to detract from the weight of the rulings in these cases, their effect is eminently beneficial to the islands. Moreover, the only other conceivable line of decisions would have entailed very serious misfortunes for the islands. Ordinarily nothing is more futile than to speculate as to what might have been, had history taken a different turn at a parting of the ways. But, inasmuch as Congress is persistently urged to put into force by statute, which it has the power to do, the only other principles which the Supreme Court could conceivably have followed, it is not altogether a waste of time to state briefly what the consequences would be. It is conceivable that the Supreme Court might have decided that the Constitution extended *proprio vigore* to the territory acquired as a result of the war. The consequences of such a decision would have been the same as if Congress were now to draw the Philippines within the wall of the Dingley tariff and establish free trade between the islands and the United States. Waiving, for the moment only, the possibility that under the treaty of Paris free trade between the United States and the Philippines means free trade between the Philippines and Spain and may mean free trade between the Philippines and all the leading commercial nations and a possible breaking down of the tariff wall at that point, we may state briefly what the consequences would be under the assumption that the wall would stand.

The Dingley tariff was designed especially to foster and protect manufacturing industries, in a country lying in the temperate zone. It is no more suited to the industries and commerce of a strictly tropical country than are the garments worn in a temperate climate suitable for wear in the sweltering heat of Manila. The

protective features would not benefit the islands, for the industries we foster in this way cannot exist there; and carrying the increased cost of all manufactured commodities would impose a staggering burden on the productive industries of the islands. The very things, the price of which we strive to enhance by our protective duties, are the things which the Filipino takes in payment for the products of his soil and the fruits of his labor. To raise their price in order to protect industries he cannot have is like making him wear a heavy ulster to protect him from icy winds that never blow, and uselessly frittering away his strength by compelling him to wear it under the fiery rays of a coppery sun. The advantages of free trade between the islands and the United States would relieve him to some extent, but not enough to offset the burden.

Possibly, however, under the interpretation of the treaty of Paris suggested above, all the leading commercial nations would, if free trade existed between the United States and the Philippines, enjoy free trade in the Philippines and the tariff wall might be broken down at that point. It would, of course, still be possible to prevent foreign goods thus imported free of duty into the islands from being transshipped free of duty to the United States, but it would be troublesome. The most serious consequence, however, would be that the insular government would be deprived of its largest and best source of revenue and would either have to be subsidized from the general treasury of the United States, or resort to heavy internal taxes which would at this stage be highly inexpedient. It is unnecessary and would as well be unjust to the people of the United States to make them pay the cost of government in the islands. That can be and should be borne by the Filipinos themselves.

As the main argument for the retention of the customs duties in the Philippines is the necessity for revenue, that may be considered first. It is the plan of the present government of the islands to depend almost entirely for the support of the central or insular government upon the customs duties and to reserve such other taxes as may be developed for the support of the provincial and municipal governments. The considerations which underlie this policy are partly temporary in their nature and partly permanent. The industries and commerce of the people need time to recover from the ravages of war and a long series of other disasters

recently suffered. Such recovery would be more or less retarded by any very vigorous attempt to collect heavy internal taxes, unless the money were immediately turned back in the form of internal improvements. Customs duties will interfere with the recovery far less. The work of building roads and bridges and in general of facilitating the internal development of the country was sadly neglected under Spanish rule, and almost everything in the way of public equipment, except churches, has to be provided from the bottom up, so that the provincial and municipal governments are in sore need of funds. The educational system has to be developed and expanded and calls for large local contributions. For very obvious political reasons, until the loyalty of the people is thoroughly assured, all money collected by internal taxes and hence consciously paid should be expended immediately under the eye of the taxpayers. Such a use of taxes collected is an innovation in the islands, for the Spaniards sent all that could be collected into Manila and but little was expended for the benefit of the people; but its very novelty will emphasize the tendency of such a policy to create and promote a healthy interest in good government. The same general considerations of political expediency recommend that the central or insular government, whose important functions are not performed under the eye of the taxpayers, should be supported, so far as possible, by taxes the payment of which is not directly called to the attention of the taxpayer. It is again the old problem of how to get the necessary amount of feathers with the least amount of hissing. As the customs duties now in force are very much lower than those under Spanish rule and are far more equitably adjusted, the people cannot but feel a sense of relief rather than of increased burden in these taxes. The best evidence of this is the increased importations.

Under Spanish rule only about 30 per cent of the revenues was had from the customs. But the Spanish administration of the customs duties was woefully deficient. In the best year of the Spanish administration, 1894, the customs in every branch yielded but 4,702,952 dollars Mexican, or about \$2,352,000 gold. Our administration took the same tariff with some important reductions and applied it to the trade which remained after the war and made it yield \$4,400,000 (in 1899). This confirms the statement of merchants that they evaded duties under Spanish rule.



The wares which passed through the customs in the best year under Spanish administration were reported as worth 61,600,000 dollars Mexican, or \$30,800,000 gold at the rate of exchange in that year. In our first complete year they were \$44,000,000 gold and have been rising rapidly ever since. The small returns from customs duties obtained by Spain were due to three causes: first, the trade of the islands was smaller, the average annual tonnage of vessels entering and leaving the ports of the islands during the last five years of Spanish rule being only half what it was during the first two of American, and the prices especially of the great staples like hemp were lower than they have been since the American occupation, so that the expressed values were lower on similar quantities; second, the exemptions granted on Spanish merchandise amounted to about \$500,000 per annum; and third, there was notoriously collusion between the customs officials and the importers, which resulted in loss to the revenue and a falsification of the statistics by an amount which cannot now be determined.

Our present tariff in the islands is eminently more equitable than was the Spanish. The old tariff fell heavily on necessities and lightly on luxuries, in which respect ours is the exact reverse. The Spanish tariff included many prohibitive duties; ours is more nearly uniform at 20 per cent. This alone tends to stimulate importation. As imports have steadily exceeded the exports, by an amount which cannot be explained by differences due to freights alone, there is ground for supposing that our tariff has encouraged importation for investment and for the establishment of stocks of goods.

The advisability of depending on customs duties for the support of the central or insular government becomes more apparent when we consider the possible substitutes for them. Under Spanish rule about 45 per cent of the revenues came from the "cedula" or personal poll tax, which was a direct descendant of the "tribute," a tax feudal in origin and conception.<sup>4</sup> The collection of these heavy poll taxes was enforced by means which were decidedly oppressive and it became the chief center and means of corruption

<sup>4</sup> For a full description of this and of the other revenues of the Spanish government, see two articles by the present writer in the "Political Science Quarterly," Vol. XVI, No. 4, and Vol. XVII, No. 1.

in the government. This tax was abandoned during the war, and as it has so unsavory a past and is out of accord with the spirit of our institutions, it is doubtful whether it would be wise to revive it save possibly in the form of a light registration tax for local purposes. The remaining one-fourth of the income of the Spanish government came from miscellaneous receipts, of which the most important were the income tax, the opium monopoly and the lottery. The income tax should certainly be retained by our government. It was in a form most admirably adapted to the conditions, was equitable and easy to collect and is not unpopular. But for the time being its yield will not be large and should be devoted to the support of the local governments. It is the best means at hand for making the Chinese traders contribute their fair share to the support of government. The lottery, of course, we cannot revive; but the opium monopoly offers a source of revenue admirably suited to the uses of the central government to supplement the customs. It can be made to pay about a million dollars per annum, the burden of which would fall almost solely on the Chinese, and it would make it possible to confine the use of the drug. This is practically the only one of all the old sources of revenue that is suitable at present for the central government. The new land tax is appropriated already to local purposes and must be kept inviolate for that; it is in no way suitable for the central government. There is at present under tentative consideration by the government of the islands a plan for the eventual introduction of indirect internal taxes similar to those in the United States, and it is thought that these may eventually be made to yield a good revenue. But this added burden should not be imposed at present. It would inevitably be more costly and more troublesome in operation than the customs duties. When everything is considered, it seems beyond question that the customs duties now collected in the islands are necessary and should be retained.

The tariff now in force in the islands was well planned, and the only amendments it may need are those of detail to bring some few items in the schedule into more perfect accord with the original plan and purposes. This tariff was first prepared by the Commission in the islands. It was slightly amended by the War Department before it was finally approved, was passed September 17, 1901, went into effect November 15, 1901, and was re-enacted by Con-

gress March 8, 1902. It is a tariff as strictly for revenue only as is possible to draw. It was drawn carefully with a view to an equitable distribution of the burden. It imposes a gross burden of about 14 per cent on the whole commerce of the islands, and the import duties alone amount to about 23 per cent on the total imports. With a few unimportant exceptions the duties are all specific.

Normally, by far the most important item of importation into the Philippines is cotton cloth, which amounted under Spanish rule to about \$4,000,000 per annum, and in 1902 to \$7,200,000. Most of this comes from Germany and England, although the trade with the United States in cottons is growing. The next important item is rice, which of late has come mainly from the French possessions in China. This is the chief staple of diet and used to be an article of export. But since the opening of the Suez Canal the market for the great staples of export, hemp, sugar, tobacco and copra, has so improved that the Filipino can turn his energies to much better use than the cultivation of so unremunerative and laborious a crop as rice. The best interests of the people lie in the direction of the greatest possible development of the products in which they have so marked an advantage over other parts of the world and in the adoption of a more nutritious diet, so the falling off in rice culture need cause no solicitude. The rest of the imports are of a miscellaneous character. The most important are animals, animal products and meats, a little over \$2,000,000; flour and cereals, mainly from the United States, \$1,000,000; liquors and beverages, \$1,500,000; iron and steel, \$2,000,000.

If the import duties need amendment anywhere, it is in the direction of lessening the duties on food products. Like all tropical countries, the Philippines are short of products of high nutritious value. The common idea that the tropics are rich in food is mistaken. Vegetables and fruits run to fibrous growth, and contain relatively little concentrated nutriment, while meats are scarce and hard to conserve. The canned, dried and preserved fruits, vegetables, fish and meats, as well as wheat flour and other high-grade cereals of the temperate zone, are needed in the tropics to develop more strength and physical vigor in the tropical races than a diet of rice and cocoanut oil will impart.

The exports of the islands upon which duties are levied are

great staples which command a good place in the world's markets. The export duties are light and are to be regarded as in lieu of other taxes. These great industries which flourish under the protection of the government contribute in practically no other way to its support.

So long as it remains necessary, as it is at present, to raise revenue by customs duties in the Philippines, questions of tariff reform in the islands will be largely matters of detail. No general principles are at stake. The tariff relations between the islands and the United States, especially in so far as they affect the duties on insular products imported into the United States, involve far more serious considerations. At present Philippine products imported from the islands to the United States pay 75 per cent of the Dingley tariff and enjoy a rebate of the export duties levied in the islands. The United States Philippine Commission asked for a reduction to 25 per cent of the regular rates. The bill which came most nearly to passage in the last regular session of Congress, but which was talked out in the Senate on the day before adjournment, offered a reduction to 50 per cent only.

As the matter now stands, there are practically only two products of the islands that are likely to be affected by any changes in the rates. These are sugar and tobacco. The Philippine exports are: abaca (commonly known as Manila hemp, or simply Manila), 67 per cent of the total exports; sugar, 12 per cent; cigars, 7 per cent; copra (dried cocoanut), 9 per cent; and a miscellaneous list, all of which are small, amounting to about 5 per cent. In the time of the Spaniards these proportions were different, owing mainly to the fact that sugar entered more largely into the exports. The proportions then were: abaca, 40 per cent; sugar, 37 per cent; tobacco, 11 per cent; and all other, 12 per cent. Coffee and rubber (or gutta-percha) are among the important probabilities of the future. Abaca or hemp, which constituted, in 1902, \$19,290,610 out of the total of \$28,671,904 of exports, is now admitted free for use and consumption in the United States, and enjoys a rebate of the amount of the export duties levied in the islands. No question has arisen as to the tariff position of abaca, save as to the advisability of remitting the export duty. It seems of doubtful propriety to continue this exemption, because the islands enjoy a practical monopoly of this valuable product, and the industry, at



present the most important in the Philippines, contributes practically nothing beyond the export duties to the support of the government under which it lives. Copra is not much used in the United States, most of that which leaves the islands going to France, where the oil is extracted and manufactured into fine toilet soaps. It is free of duty here already, as are also coffee, rubber and gutta-percha.

The question therefore narrows down to sugar and tobacco, and in connection with these there are many important considerations to be taken up. The Philippine Commission in urging the reduction said that these products would not be dumped on the market in the United States in sufficient quantities to injure any American industry and that the relief afforded the islands would be important to them. The beet-sugar interests in the United States took alarm, their anxiety being already aroused by the possibility of reciprocity with Cuba. There was more or less opposition expressed on behalf of the tobacco interests, but it never came to such vehement expression as that on behalf of beet sugar, because Manila tobacco has no prestige in the United States and its competition with American and Havana tobacco here will probably not be serious for some time to come. Manila tobacco enjoys an excellent market in certain parts of Europe, and until a taste for it is developed in the United States it cannot be introduced here at all unless fostered by very heavy differentials in its favor in the customs tariff. Even if the duty were entirely removed, so that it stood on the same footing with the domestic tobacco, it is doubtful whether its competition would be serious save for Havana tobacco. The diversion of any of the Manila tobacco from Europe would tend to raise the price of all tobacco there and stimulate to that extent a better demand for our domestic product abroad. The only American interests at all affected, or likely to be affected, by the reduction of the duty on Manila tobacco are those which have capital invested in the Cuban tobacco trade.

The beet-sugar industry, however, lives so much in the shade of the heavy protective duties that its representatives have felt the possible introduction of more tropical sugar to be a serious menace. The danger from the side of the Philippines, however, is not very serious. The amount of sugar which can be or is likely to be produced in the Philippines cannot be very definitely stated.

How much of it will reach European markets, how much will go to China and Japan, and how much will stay in the Philippines themselves, are equally problematical. The insular consumption itself is always considerable and grows "with leaps and bounds," as does that of China and Japan with every increase in prosperity. The statistics with relation to Philippine sugar are extremely difficult of interpretation, and it is very troublesome to reconcile the different estimates with one another.<sup>5</sup> The exports of sugar during the years of Spanish rule when affairs were fairly normal was about 200,000 tons per annum. During the war it fell off, and even in 1902 amounted to but 97,038 tons. It will be a sanguine estimate which places the output for the next few years at a possible 200,000 tons. The world's production of cane sugar for 1903-1904 is estimated at 4,342,800 tons, against which the Philippine product is but  $4\frac{1}{2}$  per cent, or less than 2 per cent of the combined output of cane and beet sugar. The total consumption of sugar in the United States is about 2,400,000 tons per annum, of which the total output of the Philippines, even at the estimate of 200,000 tons, is but one-twelfth. The increase in a single year in the output of sugar in Hawaii, which comes in free of duty, was more than the probable output of the Philippines. In 1902 we received but 5,000 tons of sugar from the Philippines, in spite of the fact that this sugar came in at a 25 per cent reduction in the duties of the Dingley tariff and enjoyed the advantage over sugar going to

<sup>5</sup> For the exports of sugar in Spanish times the best data are the statements in kilograms in the *Estadística General del Comercio de las Islas Filipinas*, published annually by the customs in Manila. But the valuations given in those publications are not very trustworthy. The next source is the reports of the Chamber of Commerce in Manila. These give *piculs*. The *picul* of the islands is ordinarily 139.469 pounds, but sometimes the picul of 137.9 pounds is used in making reductions to other weights and sometimes the China picul of 133 $\frac{1}{4}$  pounds is used. Care should be taken therefore in any citations from the reports of the Chamber of Commerce to ascertain what figure was used in making reductions to other weights. Philippine sugar is part "wet," part "dry" and part "clayed," and runs in many grades, of which the United States Custom House has established tests for nine, on which the duty runs from 1.125 to 1.37 cents per pound less 25 per cent. Great difficulty is involved in ascertaining from the reports what grade of sugar is referred to. Manila, Cebu and Iloilo are usually reported separately and this affords a partial clue. The most serious difficulties arise from the uncertainty of the crop year. Ordinarily Philippine sugar is harvested in December and the grinding, etc., goes on into March. But large quantities are often shipped as late as August. This renders it almost impracticable to compare receipts in the countries of destination with reported shipments in the islands. Much sugar goes through Hong Kong and its final destination is unknown to the officials in the Philippines. Willett and Gray's and Mr. Licht's estimates are those most frequently quoted. But these seem to understate the Philippine exports. The extensive collection of statistics relating to sugar in the "Monthly Summary of Commerce and Finance" for November, 1902 is the most available source of information, and the different statistics cited there are better reconciled than usual.

other markets of a rebate of the export duty of five cents a hundred kilos, amounting roughly to 1 per cent. It would seem, therefore, that the contention of the Commission is sustained and that the introduction of Philippine sugar at reduced rates would not seriously affect the beet-sugar industry of the United States. In comparison with the million tons per annum which Cuba will probably produce, the Philippine output seems very small. But while the Philippine sugar industry seems small when placed in contrast with the gigantic resources of the sugar market as a whole, or even with the very considerable consumption in the United States, it is a large industry in the islands and means a great deal to the people there. The concession asked would be a small one for the people of the United States to grant, but it is a large one for the Filipinos to receive. The abolition of the beet-sugar bounties recommended by the Brussels Sugar Convention of March 5, 1902, which took effect in September, 1903, promises such improvement in prices that the beet-sugar industries of the United States have been inclined to modify their opposition to the proposed reductions in the sugar tariff. Possibly the reductions prayed for will be granted in the near future.

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## PROTECTION, EXPANSION, AND INTERNATIONAL COMPETITION

The era of free trade that opened with the Anglo-French treaty of 1860 awaits adequate interpretation. The low tariffs that were spread over Europe by the subsequent network of commercial treaties were hailed as an omen of regenerated, almost beatified, industry by the worshipers of free trade. The vigorous reasoning, which gave so much vitality to the intellectual movement that accompanied it, lent to the results of that analysis an appearance of finality essentially deceptive, and encouraged swelling sentiments of perfectibility that were decidedly premature. This reasoning was based on a presupposition of finality and the analysis was one of an assumed static condition. In the light of subsequent experience and in a world that has vastly increased in population, in wealth, in complexity, and in sensitiveness of organization, we are now enabled to study more deliberately the development of trade regulation and specifically of those attempts of governments to increase the well-being of the societies over the destinies of which they preside, by means of tariff laws and the corresponding and accompanying commercial treaties.

Tariff laws and commercial treaties are not expressions of benignant idealism. The real influences at work in a tariff campaign are very human; and yet it is probable that some general principles may be discovered through the mist of class and party strife. While Cobden and Bright were presenting the moral and stato-economic aspects of free trade, the English laborers were clamoring for cheap food and the English manufacturers for cheap labor. They won the day against aristocracy and rent-rolls.

In France, an autocrat in the first flush of his power, fresh from military victories due to luck rather than to genius, desirous of conciliating England for disturbance of European equilibrium, entered into engagements with that country for the reduction of tariff duties, on his own responsibility and against the general opposition of the industrial classes. Napoleon needed but to add the Mexican expedition to the Cobden treaty and his empire was doomed, Sedan or no Sedan.

In Germany, however, the veil of special interests that concealed the general principle of development at work, was still more opaque. The tariff policy of Prussia turned about precisely the same axis that centred the rest of her statecraft. "Freedom with science" was the motto of the fatherland. The reforms of Stein and Hardenberg had been the means of throwing off the yoke of the first Napoleon. The question of the middle of the century was how to throw off the yoke of Austria. In 1853 Prussia made a temporizing treaty with Austria, agreeing to common rates of duties against third countries and lower rates between the two parties to the treaty. It became a maxim of Prussian politics that Prussia could never free herself from the domination of Austria so long as she retained a high tariff. Every effort was therefore made to convert the country to free trade. The Austrian treaty was not to expire till 1865. Nevertheless, Bismarck, as ambassador to France, and later in the same year (1862), as Prussian minister of foreign affairs, entered into a treaty with France conceding the most favored nation clause. Thus Germany obtained from France the advantage of concessions made by that country to England. In 1865, the year when the Austrian treaty was to have expired, Austria made a treaty with England containing the most favored nation clause.

Austria had looked upon the tariff as the first move in the scheme of incorporating Prussia into the Austrian empire. The policy of using a tariff as a step preparatory to political union was clever, and has succeeded in some other cases. The disappointment of Austria, therefore, was greater in the case of the failure of its tariff policy than in the affair of Schleswig-Holstein; the battle of Koeniggratz followed.

The special incidents, therefore, that brought about free trade in the three principal European countries were entirely different, and yet the coincidence of the free-trade movement in the different nations of Christendom, to which the tariff acts of 1846 and 1857 in the United States belong, is pronounced. We look in vain for some general principle in the endless variety of particular political influences and class interests. The social point of view is different from the individual; in fact it begins to dawn upon us that if we are to understand the general tariff movement we must observe it over a considerable period. If we look upon tariff policy as inter-



national, we cannot establish its laws by the observation of a single phase.

But a new phase was not long delayed. The crisis of 1873 was followed by severe industrial depression sooner or later in the several manufacturing countries, and sick industry felt the need of alterative medicine. The return to protection in France and Germany was accompanied by domestic phenomena not so dissimilar as those which were manifested in the respective states before 1860. The phylloxera and war taxation in France, and the reaction from over-speculation in Germany, made those nations long for a change. They both enacted moderate tariff laws as the eighth decade was passing into the ninth, and curiously enough, soon after, in the same years, 1885 and 1887, they both put duties on wheat and raised them. It was the agricultural classes that especially needed protection. In Germany it was the agricultural classes that had been free traders, but they swung rapidly into the protectionist ranks in the middle of the eighth decade and were enabled then, as before and after, to dictate Germany's tariff policy. There were even indications of uneasiness in England. Agricultural distress was great.

In 1874 England had performed the last act in the evolution of free trade by abolishing the sugar duties completely. Soon afterwards, however, the agitation for protection was renewed, and first in the specific form of a demand for sugar duties. In 1880 a report was made by a Parliamentary commission on the sugar question. In Germany the change had been still more sudden. The protectionist law of 1879 was passed only a year or two after the last of the iron duties was to have disappeared, under a decreasing scale agreed to in 1873; and France was no sooner free from the yoke of Louis Napoleon than she sought to return to a policy which agreed at once with the national genius and with the exigencies of indebtedness created by the war and by the five-milliard indemnity.

We have seen that whatever may have been the adventitious circumstances of the free-trade movement, it accompanied the more or less contemporaneous consolidation and at least temporary political completion of four great nations, England, France, Germany, and the United States. Looking again away from the special phenomena of the return to protection, we observe that the new tariffs are cotemporaneous, in a rough way, with a move-

ment for expansion, which, slowly gathering strength after the crisis of 1882 (France), 1883 (England), 1884 (United States), appeared in full force as the world movement of expansion after the crisis of 1890-93.

And now England becomes the chief actor. The protectionist question was still agitated through the opposition to sugar bounties, and the agitation was continued through many international conferences until at last success was achieved in the Brussels conference of 1902. Protectionism in a bad form was thus checkmated by protectionism in a more approved form. The defeat of protection in this form, however, has caused its forces to be concentrated in England along another line, more closely connected with the policy of expansion. The proposition is now made by Mr. Chamberlain that the mother country seek to consolidate the empire by means of an imperial customs union. This movement is at least coeval with the new protectionism. In the height of the triumph of free trade and laissez-faire, Englishmen talked of the colonies as an incumbrance and expressed the hope that they would go off and take care of themselves—the sooner the better. But with the revival of protectionism, which, as we have just seen, was in England connected with the sugar bounties, came an earnest discussion about the loose connection of the colonies with the mother country. In 1884 the Imperial Federation League was founded. The discussion has since been as to whether the political object was to be attained directly or through an imperial tariff wall that should recement the empire, which was felt to be falling to pieces. A great colonial conference, including representatives of all the self-governing colonies as well as of all the important crown colonies, was held in London in 1887. It led, however, to no decisive result. The protectionist colonies could not agree to surrender any portion of their freedom in the matter of taxation. Nevertheless, the movement bore fruit, for it led to a lively agitation in the colonies and finally to the passage in 1897, by Canada, the most important of the self-governing colonies, of a tariff law giving the preference to English imports over those of other countries.

The English chambers of commerce hold a convention every four years, and in 1892, 1896, and 1900 the motion for an imperial customs union has passed in some form or other. Mr. Chamberlain is making no new departure so far as his own politics is concerned.

As early as 1895, just after the re-entrance of the Conservatives to power, Mr. Chamberlain, as the new Colonial Minister in the Conservative-Union Cabinet, sent a circular to the different colonies inquiring as to the effects of foreign competition upon English exports. The answer came that there was no general tendency to exclude them. The principal immediate result of the inquiry seems to have been the establishment of a museum in London containing a collection of samples of foreign goods that enter into competition with English goods in the colonial trade. About the same time, the Commercial Museum of Philadelphia was founded, which, within the scope of its purpose as semi-official exploiter of foreign markets, includes a similar exhibition. In fact the movement for commercial museums and commercial education has been tremendously stimulated by the international competition of recent years and by the international segregation indicated by rising tariffs, since such museums, through their display of domestic products, are intended to intensify the art and individuality of the national production. In 1896 Mr. Chamberlain broached the idea of the imperial zollverein, but met with so much opposition that he was obliged to represent his position as merely tentative and to drop the matter for the time being. Now at last it would look as though he had burned his bridges behind him.

More interesting, however, than English expansion is the idea of the "United States of Europe." The reaction from expansion is counter-expansion; the reaction from the United States of America is the "United States of Europe." The idea of uniting Europe against American grain export is as old as the export itself.

"America had formerly by its Morrill tariff aided the efforts of Napoleon to create a network of treaties in central Europe."<sup>1</sup> In 1878 the economist Molinari suggested to Bismarck a European customs union. The stimulus for European international expansion went out from American agricultural competition. Books were written and quite naturally agricultural congresses were held, those held in Austria being of especial importance, in the interests of a European customs union. The commercial treaties concluded in 1892 by Germany, were looked upon as a means towards the end of commercial union. But two great countries held aloof: England was opposed to protection and did not share in the commercial

<sup>1</sup> Lotz, "*Die Ideen der deutschen Handelspolitik*," p. 193.

jealousies of the grain-growing states; and France, although one of the greatest wheat growers in the world, was pursuing a policy of economic isolation, for reasons apparently as much political as economic. Moreover, important treaties stood in the way—the treaty of 1828, between Prussia and the United States, and the treaty of peace made at Frankfort in 1871 between Germany and France.

The Frankfort treaty secured to France the lowest rates granted by Germany to third states, and of course the middle European states (*i. e.*, Austria-Hungary) are third states. The inconvenience of such an arrangement to a Germany seeking further expansion is obvious, and in making their treaty of 1891 with Austria, the Germans expressly stipulated that if they should make a formal customs union with "third" countries, they should not be obliged to concede to Austria the duties of the new *zollverein*. Of course this stipulation was meant rather as a model for future treaties than for application to Austria herself, since she is now the country most likely to enter a customs union with Germany. However, in 1895, upon the renewal of the Triple Alliance, the idea of developing it into a customs union was abandoned in official circles. Nevertheless, parliamentary debates and political tracts have constantly brought the matter forward: in the Reichstag in 1891, 1895, 1897, 1898, 1899, and, of course, in the debates on the new tariff in 1902; in international agricultural congresses at Budapest in 1896, and at Vienna in 1898, where the delegate of the German agricultural union declared:

"Our highly civilized states should unite and take common measures against the injuries caused by over-sea competition."<sup>2</sup>

And in the manufacturers union, at their meeting in Berlin in 1900. In 1897 Count Goluchowski declared before the Hungarian representatives that the

"European states must march shoulder to shoulder, and defend themselves against the common peril with every weapon in their political armories."<sup>3</sup>

On the other hand, in 1899, Count Kanitz declared in the Reichstag that a European customs union was useless, and in 1900

<sup>2</sup> Ernst Francke, "*Zollpolitische Einigungsbestrebungen in Mitteleuropa*," p. 221.

<sup>3</sup> *Id.*, p. 224.



the Social Democrats in convention at Mayence passed a resolution in favor of commercial treaties between European states, but supported the continued use of the most favored nation clause, and opposed a tariff war with the United States. The Socialists are therefore again on record as opposers of the manifest course of events, which clearly unites protection with expansion.

The protective system that came into being about the year 1880 was intensified by the introduction of the maximum and minimum system by France in 1892. This system had been clearly foreshadowed in the French debates of 1881 and again in the reciprocity clause of the McKinley tariff. The French system spread to Spain, Russia, Brazil, Greece, and Norway, while the Dingley tariff with its reciprocity clauses is an example of practically the same policy. And Germany has at last fallen into line with the comparatively high protective tariff of 1902. That "expansion" has been the keynote of international politics for two decades at least needs only mention to carry conviction. The overflow of Germany into Africa and South America, of France into Africa and Madagascar; the dispute as to whether Dutch-British Africa should be united as an independent state or as part of a more "expanded" British empire; the onward march of Russia in Asia; the impending dismemberment of China and attribution of its parts to European powers; the acquisition of the Hawaiian Islands, Porto Rico, and the Philippine Islands by the United States, and her protectorate over Cuba and the Isthmus of Panama; the personal union of a vast area of central Africa with the kingdom of Belgium; the federation of the Australian colonies, are but examples of the general tendency.

There appears, therefore, to be a general coincidence between the world movement for expansion and for protection on the one hand, and, on the other, for political relaxation or at least the policy of *statu quo* and for free trade. If this is so, we may infer that the tariff is rather a political than an economic policy, or that it is an economic policy subordinate to a political purpose, or that it is partly a reaction from economic and partly from political conditions.

It is next in order to inquire whether there is any ascertainable connection between increase of wealth and success in international competition on the one hand, and the existence of tariffs, on the



other. Of course this is an old inquiry, and the general conclusion has been that it is a quest unattainable by the inductive road. The arguments usually made by politicians will not stand careful examination and are often absurd. Among students the usual idea has been that we are not yet ripe for conclusions other than those of the *a priori* order. Nevertheless, some of the general facts of international competition and of national production are interesting, suggestive, and worthy of mention.

The question whether tariffs have any effect at all on the course of trade, first claims our attention. It would seem that we have an opportunity here for economic experiment, since England has remained a free-trade country while other nations were putting up their tariffs. Now it is true that there has been a comparative and in some cases a positive decline of English exports to the Continent since the opening of the protectionist era, and that this decrease of exports has been accompanied by an increase in imports from the same group of countries into England. At the same time, England's exports to exotic countries have increased. So far as appears, therefore, the Continental tariffs have excluded English imports and caused England to seek other markets. But there are other facts that oppose or modify this conclusion. Exotic investment has not been confined to England. The Continent has been a liberal investor in the southern hemisphere as well as in the United States, China and the Orient. We have only to remember that Australia draws most of her imports from the Continent and not from England, that Germany makes large investments in American railroads and in African mines, and that France exports heavily to South America.

Therefore, if the Continental tariffs have changed the course of England's trade, it must be rather because they have fostered home production than because they have in the long run directly excluded English imports. On this point again, it is difficult to reach definite conclusions. No clear difference can be drawn in respect to the stimulus to production and the resulting increase in wealth and commerce, between periods of high and those of low tariff.

The production of iron is recognized as a most significant index of industrial prosperity, and an inspection of the accompanying table will be so instructive as to call for little commentary.

## PRODUCTION OF PIG IRON—TONS.

[From Mulhall, "Dictionary of Statistics," pp. 332, 757.]

Date.	Great Britain.	France.	Germany.	United States.	Various.	Total.
1840	1,390,000	350,000	170,000	290,000	480,000	2,680,000
1850	2,250,000	570,000	402,000	560,000	640,000	4,422,000
1860	3,830,000	900,000	530,000	820,000	1,100,000	7,180,000
1870	5,960,000	1,180,000	1,390,000	1,670,000	1,710,000	11,910,000
1880	7,750,000	1,730,000	2,730,000	3,840,000	2,090,000	18,140,000
1885	7,420,000	1,630,000	3,690,000	4,050,000	2,310,000	19,100,000
1889	8,250,000	1,720,000	4,530,000	7,600,000	3,060,000	25,160,000
1895	8,020,000	2,010,000	5,790,000	9,450,000	.....	29,300,000
1899 <sup>6</sup>	7,928,647 <sup>6</sup>	2,714,000 <sup>4</sup>	8,150,000	15,878,354 <sup>5</sup>	.....	.....

Under approximate free trade, or at least a descending scale of duties, iron smelting made its most rapid progress in Germany from 1860 to 1880. It is true that the progress was more rapid before 1873, when the pig-iron duties were removed, than in any other period; but the absolute additions to the output were larger in the free-trade era, 1873-1879, than previously or than in any subsequent period, except the remarkable development since 1895. Under practically prohibitive tariffs, the increase in the United States has fluctuated with good and bad times, while the figures for England show decided effects of foreign competition. That these effects could have been avoided had England adopted a protective tariff is possible. England's great surplus of imports was long ago shown by Giffen<sup>7</sup> and others to be caused by an income account due from foreign investment; a protective tariff would perhaps work out as a tax on foreign-created income for the sake of home-created income. In France we find a slight increase since the tariff of 1892. Perhaps the increase in France and the decrease in England may measure the difference between tariff and no tariff on iron. It is well to remark at this point that French exports increased from 1890 to 1901 by 11 per cent and English exports by 6 per cent; but that French imports have not increased at all in the same period, while English imports have increased 24 per cent, which puts the advantage in rate of progress on the side of England.

<sup>4</sup> 1900.<sup>5</sup> 1901.<sup>6</sup> This line is taken from the respective statistical abstracts.<sup>7</sup> Essays in Finance, First Series VI, "The Excess of Imports."

A comparison of the recent economic progress of the United States with that of European countries will help us to form some conclusion as to the influence of their several tariff policies and of that which is common in all their tariffs.

In 1901 our foreign commerce was still only 2.2 billion dollars compared with a domestic commerce of 28 billion dollars; and the volume of goods exchanged between different parts of our country was twenty-four times our foreign commerce. Our total *trade*, domestic and foreign, was much more than the combined total trade of Great Britain and Germany.

Taking production rather than commerce as the test of prosperity, we find again that, according to impartial statistics and estimates, the American *manufactured product* is equal to that of Great Britain and Germany combined. The fact that a British depression and a severe crisis in Germany are contemporaneous with the greatest boom that the United States has ever enjoyed, renders this estimate extremely probable, though less exciting as a jingo argument.

Among domestic products, iron, from its universal employment, has always been taken as the best barometer of good and bad times. Our pig-iron product in 1899 was 50 per cent greater than Great Britain's and 70 per cent greater than Germany's. In the same year our *steel product* was nearly equal to Great Britain's and Germany's combined.

Of course our development has been remarkable, and yet, in many respects, it has not been so rapid as that of Germany. Since 1890 Germany has nearly doubled her production of pig iron and trebled her production of steel, while in the United States the production of iron increased but 50 per cent and of steel but two and a half times. There was little progress in England in the same items. In iron production there has been an exciting and close race between the three great nations, United States, England, and Germany, in recent years. In pig iron the United States passed England first in 1889 and again for good in 1894; while Germany surpassed England in steel first in 1894 and again for good in 1896. The United States passed England in steel first as early as 1886, and again for good in 1889. Germany has never reached England in pig iron. Thus we find the United States easily leader in the iron race, coming in on the home stretch in a canter, as it were, while

England and Germany are making a dead heat by themselves and well in the rear, England having the advantage in iron and Germany in steel.

Iron is the material of our tools, but our tools and land supply a much more interesting product, food. As iron is the typical tool material, so is wheat the principal food material. Speculation is rife as to the future of wheat production; and it is quite essential to include wheat in our general review, as we produce more wheat than any country in the world, or 23.4 per cent of the world's crop, while all Europe, with five times the population of the United States, produced in 1898 little over twice as much (53.8 per cent of the world's crop, 2,879,000,000 bushels).

Writing in 1896 Mulhall says that "one farming hand in the United States raises as much as two in the United Kingdom, three in Germany, five in Austria, or seven in Russia."<sup>8</sup> We must remember, however, that the wheat acreage and product of the United States slightly declined between 1880 and 1895. It is true that since then there has been a large increase in area, from 34 to 44.5 million acres in 1899 and in production to 675 million bushels in 1898. The period of decline in the United States was outweighed by the great increase in the Argentina production; and curiously enough, since American production has increased again, that of Argentina has receded. But Canada has not been so accommodating to us in her wheat competition as Argentina. Canada's acreage has developed recently with great rapidity. In recent years, it is estimated, a couple of hundred thousand immigrants have found their way to the wheat farms of the Canadian Northwest. Many went from this country and became foreign competitors in wheat growing.

In the production of corn, however, the United States is not only ahead of each and every foreign country, but of them all put together. She possesses a national monopoly in corn, furnishing 76 per cent of the world's product (in 1900), compared with 23 per cent of the world's wheat crop. Her cotton monopoly is almost as great as that in corn, or 71 per cent of the world's crop. Three-fifths of the crop is exported, forming the most important of all of our exports, manufactured or crude, although breadstuffs do not fall far behind. We also raise more oats than any other country

<sup>8</sup> "Dictionary of Statistics," p. 613.

(or 25 per cent of the world's crop). Our stock of cattle and hogs is greater than that of any other country in the world. On the other hand, our production of sugar, including beet sugar, has grown but little until recently.

Since 1850 our production of wheat, corn, and potatoes has increased faster than our population, while our production of sugar, always inconsiderable, has increased but half as fast. The Continental bounties to the exports of sugar, ruinous to Continental treasuries, are to cease. It remains to be seen whether our sugar industry is to profit by the change. We are the greatest producers of tobacco, flaxseed, lumber, coal, iron, and copper. Our forest industries are equal to our woolen, cotton, and leather combined. We produce one-third of the world's coal, and one-half of the world's copper. In the production of petroleum, Russia is ahead of the United States in quantity; but in value we are far ahead. We are the greatest producers of silver in the world, and we were the greatest producers of gold during the suspension of the Rand mines. (In the production of gold we were momentarily overtaken by South Africa in 1898.) Our fishing and canning industries are very important.

While therefore our agricultural interests are still by far the most important, our larger progress has been in manufactures, and the general progress of the country, which is greatly indebted to agriculture, is nevertheless taking its tone from manufactures; we hear more about non-agricultural industry than ever before. The iron industries have claimed the most attention, although none have escaped the recent reorganization and new impetus. From 1860 to 1900 the value of manufactures increased more than sevenfold. The industries which have shown greatest increase are iron and steel, cotton and clothing, boots and shoes, and food products.

While it is true that England has been unable to compete with American agriculture for her home supply of grain and provisions, she has been able to turn her land from the comparatively unprofitable industry of producing wheat to the more profitable industry of raising cattle. During the agricultural depression in England which began in 1875, we notice that the number of cattle increased considerably (20 per cent between 1870 and 1887). Since 1890 the stock of cattle in the United States has remained stationary.

Again, the United States has sold considerable quantities of



its iron manufactures to England in the last few years. (From \$4.6 million worth in 1895 to \$25.1 million worth in 1901.) Of all kinds of manufactures, in totals, our exports to the United Kingdom increased two and a half times from 1892 to 1902. This does not include exports of agricultural or food products. The inference, however, that our export movement is accompanied by a decline in British industry is hardly warranted. The fact that England is able to buy more of us, notwithstanding that the exports in some cases appear to be similar to those produced in England, would seem to indicate a probable increase in England's purchasing power. While in certain lines England is unable to compete with us, yet in others she is holding her own and even gaining, as in cotton manufacture, shipbuilding, and ocean transportation. The claim that in the long run we are able to produce pig iron more cheaply than England, is questioned in well-informed quarters.<sup>9</sup>

We must remember again, that while the United States was undergoing the severe crisis of 1893-96, not experiencing any considerable revival until 1898, Europe was enjoying a boom which culminated in 1899-1900; so that just as we came to our zenith in 1900 or later, there was a new period of crisis abroad. It is unfair, therefore, to compare contemporaneous conditions—Europe in the throes of crisis and the United States on the crest of a boom. The New World receives its prosperity in large measure by transmission from the Old. While prices were so low in the United States, caused by the crisis of 1893, our exports were stimulated. The Old World bought freely of us then, and this stimulus in foreign trade was communicated to our whole industrial machinery. Europe has passed along to us the palm of prosperity and it ill becomes us to deride her, exhausted with the exertions that have been so beneficial to us.

The boom lasted in England from 1896 to 1900. In this period the price of iron rose by fourteen to seventeen shillings per ton and that of coal by two shillings. The profits of the iron industry in this period are estimated to have been two hundred and seventy-two million pounds greater than in the preceding five years, and the profits of the coal industry ninety-two millions greater. While the end of the boom was due, as M. Raffalovich

<sup>9</sup> Jacob Schoenhof, "Iron and Steel in England and America," *Journal of Political Economy*, December, 1901.

suggests,<sup>10</sup> to American iron exports, they were not a fundamental cause of hard times in Europe. At any rate, our exports of iron began to increase as early as 1895, and notably in 1896, to England as well as to other countries. The earlier exports may have stimulated rather than injured the English and German booms, by offering needed complementary articles; the later exports were perhaps more truly competitive. The high prices which we asked, however, caused a reaction; our purchases of English iron increased, and the depression in English and German trade has been of late much relieved by American buying. While the United States is the acknowledged leader in iron and steel, England easily retains the lead in cotton products, with her forty-five million cotton spindles, against thirty-two millions on the whole of the Continent, and seventeen millions in the United States.

At the present moment, indeed, the tables are turning again, and the conditions favorable to selling abroad are returning. In the United States, all over the country, money is tightening. Wall Street is in a state of collapse; and a general reduction of industrial activity is inevitable. The West, independent in its agricultural wealth, does not yet feel the shock; nor will it suffer seriously so long as crops are good. It is now the creditor section. In 1893, when it was a debtor section, the crisis rolled from the West to the East. Now the sweep of the financial storm is backwards from the Atlantic coast toward the Rockies.

Abroad the financial storm center has been in Germany. There was a great electrical boom in Germany from 1895 to 1900. In Prussia the income subject to tax increased from 5,578 million marks in 1894 to 7,257 millions in 1899, the tax on capital affected 63,917 million marks in 1895 and 69,906 millions in 1899. Iron production rose from 4.5 million tons in 1889 to 5.4 millions in 1895, and 8.5 in 1900; coal from 64 millions in 1891 to 72 millions in 1895, 89 in 1898, 94 in 1899, and 101 in 1900. In 1900 the bubble of electrical and other speculation in that country burst,<sup>11</sup> and since then the Germans have been scrutinizing critically and almost suspiciously their trade relations with the United States. Our exports to Germany increased from 92 million dollars in 1895 to

<sup>10</sup> "Le Marché Financier" 1901-02, p. 15.

<sup>11</sup> Due to the fall in iron on the American market in the spring of 1900. Richard Calwer, "Handel und Wandel, *Fahrtgang* 1900," p. 11.

187 millions in 1900—five years—while our imports increased only from 81 million dollars to 97 million dollars. Our exports of wheat increased from 608 thousand dollars in 1896 to 7.6 millions in 1899, falling to 6.5 millions in 1900. Now this unfavorable trade balance is a matter of great grief to our worthy Teuton friends. They are fond of twitting the British with being a nation of shopkeepers and the Americans with barbarous materialism, but they themselves are undoubtedly extremely sensitive on the question of the pocket-book; and certainly it would appear that they have discovered some ground for controversy in their tariff relations with the United States.

In 1892 they made a commercial treaty with Austria, in which the duty on wheat was placed at about 25 per cent (22.5 cents per bushel). By virtue of the reciprocity treaty of 1828 between Germany and the United States, under the most favored nation clause, the United States has since 1892 enjoyed the benefit of the rates contained in the Austro-German treaty. Since that year, however, the United States has gone on making tariffs at its own sweet will. When the rate of 1892 came in force, the McKinley tariff prevailed in the United States, and this country readily granted to Germany free importation of German sugar. Subsequent American tariffs have placed a high duty on foreign sugar and a still higher duty on such sugar as is said to be "bounty-fed," as was the case with German sugar. Notwithstanding that Germany has effected a sort of reprisal by discriminating rates against some American products on her state railways and by various edicts against imports of American meat products, the Germans believe that they still have the worst of the bargain and feel particularly sore about the growth of American exports; so that they have at length put up their tariff, especially upon American foods. With the cessation of the German bounty, the American discrimination should cease, and less excuse should exist for exacting high grain duties.

Some German statesmen and economists question whether their country ought to make an expensive dinner-pail by raising agricultural duties; while others are trying hard to prove that foreigners pay the tariff. They admit that a tariff war with the United States would be an expensive luxury, but they seem to be determined upon it. They are speculating as to whether Russia might not be a source from which they could get all of their food supplies and

thus make them independent of the United States and of Argentina; and very likely it is in this desire to find in Russia a granary that the reason for the inaction of Germany in the Eastern question lies; for the Germans have flatly refused to co-operate with England, Japan, and the United States, in hemming the progress of Russia in the Orient. Russia, by her wily diplomacy and through her favorable situation, has completely stayed the hand of both France and Germany in the Eastern question.

"In case it is necessary to enter into a tariff war with the United States," says Dr. Carl Ballod,<sup>12</sup> "there is no question but Russia can fully supply the place of the United States. Russian wheat is even better than the hard American winter wheat and hence better calculated to mix with the fancy varieties of English wheat cultivated in Germany, which are heavy but lack protein. For fattening cattle, Russian barley is superior to maize. The Russian barley export could easily be made to equal the American maize export to Germany. Germany might give up all imports of meat, raising it at home, and importing still more fodder from Russia. In the case of cotton, it would be harder to replace the American product. Germany imports three-quarters to four-fifths of her raw cotton from America and will probably continue to do so, notwithstanding that Russia, by a very high duty, has succeeded in greatly extending her cotton industry in Central Asia in the course of ten years. As to American copper, Germany could find no substitute for that." Beginning therefore with a confident declaration of the ability of Germany to dispense with American breadstuffs, Dr. Ballod concludes with the admission that she can find no substitute for American cotton and copper.

In the most recent period as in the earlier ones, we cannot positively assign increase of wealth or of permanent trade advantage to tariffs. Under a very high tariff the United States has made enormous progress; Russia has made considerable progress; and France very modest gains. On the other hand, under a moderate tariff, Germany has in many items surpassed the United States; while England, with no tariff, has done far better than France.

But the most instructive comparison is that of periods taken

<sup>12</sup> *"Die Deutsch-Amerikanischen Handelsbeziehungen, Schriften des Vereins für Socialpolitik."*  
Cf. also, on this point, Richard Calwer, *"Die Meistbegünstigung der Vereinigten Staaten von Nordamerika,"* Ch. IV, who admits that there is no substitute for American corn available to Germany.



as wholes. We find that so far as rate of economic progress is concerned, no broad distinction is to be drawn between eras of free trade and eras of protection. Progress is uniform through them all. Is the conclusion then that the tariff policy is merely *brutum fulmen*? By no means. We cannot know what would have happened without protection during a given period, and suppositions contrary to fact are not instructive. The different effects of tariffs on different countries at the same time lead one to infer that they are quite subjective phenomena, and that in different periods taken as wholes they may also be of quite different importance. Tariffs are a part of the general attitude of mind of the producing class. In some periods national industry calls for segregation, integration, and the development of national capitals, methods, processes, and organization; at other times it claims a free intercourse by virtue of which the attainments of the period of isolation—the above-mentioned processes, etc.—may be exchanged, compared, and enjoyed in common, with the result of a general leveling of economic differences, opportunities, values, and sources. This process of alternate isolation and congregation is so utterly natural and truly biological as to claim all the probability that may attach to reasoning by analogy. The tariff is then a condition of progress in so far as it is a part of the institutional or subjective environment of its period.

Naturally, again, the period of protection is also the period of expansion. It is when a nationality is not sure of itself, when it is seeking to include new territory and amalgamate a new population with the nation, that it would naturally embrace protectionism as a means of consolidation. We thus arrive at the double principle that *periods of expansion and protection coincide*, and on the other hand that *periods of non-expansion and free trade coincide*; and again, that *in both periods the world's wealth goes on increasing with little change*; while the competitive fortunes of nations vary as much in one period as the other.

The outlook then is for a continuance of the protectionist era so long as expansion continues to be an active political principle. The fact that the United States has always been in a condition of active expansion has kept it constantly in the protectionist line, so that it has reflected less than other nations the cosmopolitan alternations of free trade and protection.

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## INDUSTRIAL CAUSES AFFECTING AMERICAN COMMERCIAL POLICY SINCE CIVIL WAR

The public is familiar with the statement that the present tariff policy of the United States is a legacy of the Civil War; that the high protective schedules now in use are substantially the same as those then adopted; and further, that these schedules, put into operation, as they were, to meet a great fiscal emergency, have been continued ever since that emergency passed, without either fiscal or economic justification. In the discussion which follows, only the last of these points is to be considered, viz.: the economic or industrial causes for the continuance of the high tariff schedules imposed during the Civil War. Or, since the tariff policy is only a part of a larger theme which is both fiscal and commercial, it is desired to approach this larger theme from the commercial side, as stated in the title of this paper. Stated more fully, the question proposed for investigation is as follows: What are the industrial or economic causes which have influenced, or which, from the nature of the case, should have influenced, the commercial policy of the United States during the last half century—a policy whose most characteristic expression is to be found in its tariff schedule?

The commercial policy of the United States, throughout the greater part of its history, may be summarized as a fostering of the *home market* and a comparative indifference toward the foreign. Why this has been so is a matter of common information. It was inevitable from the beginning that a country resourceful in raw materials would not long continue to ship those materials across an ocean 3,000 miles away, and back again, before they could be consumed as merchantable goods. Sooner or later the factories were bound to migrate to this side of the Atlantic, just as they are still migrating within the country whenever called to do so by the demands of the market. Naturally enough, political aid was summoned to *hasten* this immigration, and thus the commercial policy was established which still continues.

The elements of a market, then, may be stated as: First, a community producing raw materials; second, a community which

changes these into finished products—both of which are in turn consumers of these products; and third, the minimum cost of transportation between them. The natural tendency, other things being the same, is for the second element to seek the first and thus to continually reduce the third. As long as these are not threatened with over-production the foreign market is a matter of indifference. Therefore, as long as the American producer, whether of raw materials or of manufactured products, can find a market for his wares at home, it is evident that the fostering of the home market, even at the expense of the foreign, is wise commercial policy, provided that the fostering doesn't cost too much. So far as to the commercial policy.

The Civil War marks the beginning, for the United States at least, of an industrial revolution second only in importance to the Industrial Revolution in England which preceded it just one hundred years. The earlier revolution has been characterized in its first phase as the triumph of the machine over hand tools in production, the growth of the factory system; the second phase as the triumph of the machine in transportation, the growth of the railway system. The later industrial revolution has been characterized as the triumph of the machine in business organization and management—the corporation; but this fails to take note of other industrial changes of the same epoch which do not fall within that category.

There are two principal changes which are associated with this epoch, although they have no causal connection with the Civil War; namely, the development of the Middle West, the great food-producing section, and the development of the means of transportation from this to the manufacturing centers. A third principal result, growing out of the Civil War, was the abolition of slave labor in the South. Around these three changes may be grouped by far the greater part of those industrial causes which have influenced our commercial policy since that time. Let us notice them somewhat in detail.

The development of the Middle West had been going on for several decades. The migration of population from eastern State to western was but little affected by the great struggle of the sixties, and the soldiers' claims and homestead acts drew many a family into unsettled regions immediately after its close, so that

by 1870, more than the normal increase of population per square mile is recorded for that decade.

Again, the war called the able-bodied men to the front. Who were left to take care of the fields? The scarcity of labor must inevitably have called women into the field, had not invention come to the rescue. It will be remembered that it was just at this time so many improvements were made in farming machinery, the improved plow, the corn-planter, grain drill, cultivator, and greatest of all in its labor-saving power, the reaper and mower. With the disbanding of the army, the opening up of new lands, and with the placing of improved machinery into the hands of competent men, the production of cereals and other crops was vastly augmented. It is not too much to say that a farmer of the present day, by means of his modern machinery and implements, can manage from three to six times as many acres as he did in the days of the reap-hook, scythe and flail. This means the augmentation of production in the same ratio. The significance of these statements is seen in the following table from the United States Census Report of 1900 (Vol. VI, p. 23):

*Total Production of Corn in Bushels, and Increase, and Per Cent of Increase, by Decades—Summary, 1850-1900.*

Census Year.	Total Production.	Increase in Decade.	Per Cent of Increase.
1900 .....	2,666,440,279	544,112,732	25.6
1890 .....	2,122,327,547	367,735,871	21.0
1880 .....	1,754,591,676	993,647,127	130.6
1870 .....	760,944,549	<sup>1</sup> 77,848,193	<sup>1</sup> 9.3
1860 .....	838,792,742	246,721,638	41.7
1850 .....	592,071,104	.....	.....

Thus it appears that corn, the most valuable of the cereal crops, and the most characteristic of our best agricultural region, increased in production in the decade preceding the war 41.7 per cent, suffered a decrease of 9.3 per cent during the war, and from '70 to '80 made the enormous gain of 130.6 per cent. The decrease of 9.3 per cent during the war is surprisingly small when the amount of labor necessary for its culture is taken into consid-

<sup>1</sup> Decrease.

eration, and this fact together with the increase of the following decade shows what strides were being made just at this time in the settlement of the country and the invention of machinery for increasing production. It might seem, from the commercial viewpoint, that the agricultural products are relatively of much less importance than the mineral, since the railway ton mileage of the latter was 52.59 per cent of one year's traffic, while during the same year the ton mileage of agricultural products amounted to only 13.22 per cent for the whole country. But ton-mileage, it need hardly be said, does not express value, and is therefore no index of the relative commercial importance of commodities.

It will be assumed that enough has been said to show that the production of raw materials, which was necessarily retarded during the Civil War, went forward thereafter with an acceleration which was due to something more than the temporary stoppage occasioned by the war. Increased production, however, results simply in the reduction of prices, unless the surplus product can find a larger market. To find a larger market it is necessary that the cost of transportation be low enough. Before the days of railroads nothing but a limited market was possible. With them came the possibility of reaching a world market and good prices. Now, what were the transportation facilities prior to and immediately succeeding the Civil War?

In 1830 there were 23 miles of railway in the United States.

1840 .....	2,818	1880 .....	93,296
1850 .....	9,021	1890 .....	163,597
1860 .....	30,635	1900 .....	193,346
1870 .....	59,914		

The comparatively slow progress from 1840 to 1850 was followed by a very rapid increase in mileage in the next decade, due, in part, to the discovery of gold in California. Again, with the close of the war and the largely increased agricultural production, there followed another period of a rapid increase of mileage from 1867 to 1873, an increase which was largely responsible for the business depression that followed.<sup>2</sup> By this time the main lines of railway had been laid down and the thoroughfares of traffic established.

But the freight rates were still too high to allow low-grade freight to travel far to market. It was about at this juncture,

<sup>2</sup> See "American Railway Transportation," p. 27, E. R. Johnson.

early in the seventies, that another great advance was made in railway improvement, second in importance, perhaps, only to the invention of the locomotive itself. This was the substitution of the steel for the iron rail, made possible both by the perfection of the process of manufacture and by lowering the cost of production. The significance of this improvement is that it permits the indefinite increase of the train load, so far as the track is concerned, whereas the iron rail would bear but a limited burden. The increase in the train load means a vast saving in the cost of transportation, since it decreases the relative proportion of dead freight. Hence the decline in average freight earnings from \$1.77 per ton mile in 1872 to \$1.10 in 1882, and to 72.9 cents in 1900, has enormously increased the world's commerce by making it possible for the traffic to move. In 1868 it cost 30.49 cents to send a bushel of wheat from Chicago to New York by the "all rail" route, ten years later 17.56 cents, ten years later 14.5 cents, and in 1898 11.55 cents.

Let us dwell for a moment upon the significance of these two events, which, in their approximate coincidence, are enough in themselves to mark an industrial transition of revolutionary importance. On the one hand, a vast region of unsurpassed resources, the population a nation not only of good producers, but of large consumers as well, having the tastes and desires that go with a high standard of living, and the means to gratify them. On the other hand, the railway, regarded originally as a mere handmaid to canal transportation, outrun at first by the population, it may be said to have caught up with it and passed it eventually, stretching clear across the continent, with the Civil War about central in point of time to the period of its greatest achievements. Then again, emerging from the Civil War, the network of railways still incomplete, the steel rail makes its appearance in the early seventies, freight rates decline in spite of pools and agreements, and the impetus given to commerce is mighty.

The lowering of transportation to the seaboard, in fact, had several important results. In the first place the Western farmer could now raise grain for the European market to an unprecedented extent. Thus in 1867 only about  $8\frac{1}{3}$  per cent of the entire wheat crop was exported. This increased to over 20 per cent in 1870 and over 40 per cent in 1880. Another



important result was that with a large amount of inland produce thus laid down at our seaports—just the kind of commodities that Europe most wanted—a large ocean trade was inevitable. This in turn, reacting upon the ocean carrying trade, was influential, together with the opening of the Suez Canal in 1869, in the further improvement of ocean transportation, and the further reduction of freight rates. This improvement is seen in the substitution of steam for sailing vessels, the improvement of the marine engine, the consequent shortening of the time and expense of transit, and the establishment of numerous additional transatlantic liners. A third result, consequent upon the foregoing and more immediate in its bearing upon this investigation, was that the cheapening of land and ocean transportation gave foreign goods a much easier access to our markets. Moreover, since the home demand for raw products could by no means keep pace with production, the sale of our raw products in foreign markets created a counter-demand for foreign goods. With a low tariff, such as preceded the Civil War, there is no question as to what would have become of the home market. Undoubtedly the continuance of the high tariff schedules alone saved it to the home manufacturer. Here, then, we have a series of industrial causes which were influential in continuing the high schedules previously adopted on fiscal grounds. It is evident at the same time that the fostering of the home market had comparatively little interest for the producers of raw materials, whose surplus commodities must needs find a foreign market. They might well ask themselves whether or not they were paying too high a price for it.

Among the producers of raw materials the people of the South are no less to be mentioned than those of the West. Natural conditions would have made the commercial interests of the two sections identical, but slavery changed it all. Because of slavery, immigration passed by to the North and West. For the same reason the white population of the South, which was not too poor to migrate, or not too well established to care to, was also moving to a territory of free competition in labor. Manufacturing and other diversified industries could not flourish in a society based on slavery. With the freeing of the slaves the South found herself almost destitute of white laborers, for whom the freed blacks were by no means an economic equivalent. An industrial as well as

a political reconstruction was needed. The slow recovery from the devastation and chaos resulting from the war is evidenced by the fact that the cotton crop, the most representative of Southern industries, did not reach the figures for 1860 for nearly twenty years thereafter.

It has been shown above that with the development of the Middle West and the lowering of the cost of transportation, the surplus product found a foreign market, and the relative importance of the home market to the Western farmer declined. With the Southern farmer the same was true in a much greater degree. The foreign demand for cotton has usually taken from 60 to 75 per cent of the entire crop. Likewise the foreign demand for tobacco is greater than the home demand. Thus, if the Western farmer had reason to question the expediency of fostering the home market any longer, the Southern farmer had much more. Evidently, the defense of the home market had to be shifted entirely upon the manufacturing industries.

"The growth of the manufacturing industries of the United States since 1860," to quote from a well-known<sup>3</sup> writer, "has been so extensive and varied that it is difficult to select the industry, or group of industries, that forms the most striking feature of the period." The census for 1900 gives the capital employed in manufacture as follows:

		Per Cent of Increase from
1850 .....	\$533,245,351	
1860 .....	1,009,855,715	1850 to 1860 ..... 89.4
1870 .....	2,118,208,769	1860 to 1870 ..... 109.8
1880 .....	2,790,272,606	1870 to 1880 ..... 31.7
1890 .....	6,525,156,486	1880 to 1890 ..... 133.9
1900 .....	9,835,086,909	1890 to 1900 ..... 50.7

Thus the amount of capital invested in manufacturing increased ninefold in the last forty years of the century. Manufactured products likewise show a continuous, though by no means uniform increase, viz.:

1850 to 1860 .....	85.1 per cent.
1860 to 1870 .....	124.4 " "
1870 to 1880 .....	26.9 " "
1880 to 1890 .....	74.5 " "
1890 to 1900 .....	38.9 " "

<sup>3</sup>Carroll D. Wright, "Industrial Evolution of the United States," p. 159.

A comparison of the agricultural and the manufacturing interests in the matter of magnitude shows that the total value of all farm property in 1900 was more than twice as great as the total amount of capital invested in manufacturing. In the relative growth of the two classes of industry the range of per cents for the successive decades is higher for manufacturing than for agriculture, showing that the former may be expected to surpass the latter in the not distant future in the amount of capital it represents. Compared as to the relative value of exports, manufacturing again shows an almost constant percentage increase over those of all the extractive industries, including agriculture, mining, forestry, fisheries, and miscellaneous; *e. g.*:

	Extractive Industries.	Manufacturing Industries.
1860.....	87.24	12.76
1870.....	85.	15.
1880.....	87.52	12.48
1890.....	82.13	17.87
1900.....	68.35	31.65

Thus the ratio of exports of manufactured to unmanufactured products has gone up from about one-eighth in 1850 to nearly one-third in 1900, the last decade showing an increase more than twice greater than any preceding.

The shifting of industries within the United States is another cause which is likely to affect our commercial policy. The center of manufacturing has advanced steadily westward from a point a little east of the center of Pennsylvania in 1850 to a corresponding point near the center of Ohio in 1900. The progress has been by no means uniform, but in the last half century it has gained upon the advancing center of population, and at the present rate it bids fair, in time, to overtake it. Now how is this likely to affect our commercial policy? It would be rash to predict; but it is evident that the sectional support of the policy of protection is liable to be considerably affected. Whether the Eastern manufacturer will still find protection advantageous to his interests will depend largely upon whether the Western manufacturer is a stronger rival than the foreigner, or otherwise. On the contrary, both the Western farmer and the Western manufacturer can better afford to be indifferent upon the subject, the main consideration

being the finding of a market on favorable terms: for manufacture as well as protection will ultimately be carried on at the greatest advantage in the West, because of the reduction of the cost of transportation to a minimum. This will apply, at least, to the manufactures of the products of that section.

Similar to this is the beginning during the last twenty years of the migration of cotton manufacturing toward the South. The immediate effect of this movement is to create a local demand for the protection of that group of industries, a demand, however, which is not likely to make itself heard politically because it is coupled politically with the question of race dominance. The ultimate effect, should the movement continue, will probably be to lessen this initial demand, since the supply of cotton fabrics will far exceed the needs of the home market.

The relative increase of the manufacturing over the extractive industries, as shown in the capital invested as well as in the products exported, may be regarded by some as a cause and by others as a result of our commercial policy. More likely it is something of both. Still more likely is it that the manufacturing interests would have increased more rapidly than the extractive, either with or without the stimulus of Federal aid in the shape of a tariff. However, it is hardly to be doubted that our commercial policy has hastened the development of manufactures, granting that it has done no more. The degree to which it has hastened them, the economic gain by so doing, the cost of the hastening process, and the ultimate expediency of it all, are topics which call for a descent into detail, a careful study of specific industries and a compilation of results such as lies beyond the bounds of our present inquiry. Moreover, it is not the *results* of our commercial policy, but its *causes*, that especially concern us.

The industrial causes which have influenced our commercial policy since the Civil War have been pointed out (with the greatest brevity) under the heads of production, transportation, manufacture and the shifting of industries. Another cause, of growing importance, remains to be noticed, namely: the great development of the corporation in the United States.

The corporation is not a new creature. In point of magnitude and importance, however, its large growth in this country but little antedates the seventies. Up to that date the question with

the people was how to get railroads built; with the railroads the question was how to control the territory. The answer to both was the development of the corporation. The success of the corporation in railway management led to its spread over the whole industrial field, except such industries as are necessarily local.

Now the significance of the great development of the corporation in America to our commercial policy is apparent in several ways: First, as affecting prices, both by means of the economy of large-scale production, and by means of monopoly control of prices; and second, as affecting our ability to compete in the foreign market and the counter-effect of this competition in the shape of retaliatory legislation. With regard to our ability to compete in the foreign market in manufactured products the facts have already been pointed out. It needs to be added that this growth of manufactured exports has been coincident with the spread of American corporate enterprises. Of the four hundred million dollars received for exports of such goods in 1900, more than one-fourth was for "iron and steel and manufactures of, not including ore"—an increase of over 377 per cent during the decade—and more than one-half was for steel, mineral oil, copper and leather in the order named, all now controlled by corporations, and mostly developed by corporations. It is idle in accounting for this to neglect the fact of corporate production as a prime element in American commercial expansion. It is this power of the corporation in commerce and industry no less than the ingenuity and skill of the workman that has aroused the apprehensions of other countries. Moreover, the corporation has not yet reached the limit of its powers. What it has done in the association under one control of a whole group of related industries it may yet accomplish in international trade.

The principal outcome of the development of the large corporation as affecting our commercial policy is the demonstration of the fact that we have reached the point where the home market must yield something to the demands of the foreign market; or, in other words, when protective duties should be removed or reduced, whenever we may thereby gain access to other markets, or, by the same act, destroy monopoly control of price in the home market. The utility of protection as a part of our commercial policy in hastening the establishment of industries may be readily granted, provided, as was said before, that it does not cost too



much. But that utility has certainly ceased when the protected industry is able to say what the price shall be in the home market. It was wise commercial policy that dictated the protection of steel rails, and thus hastened the establishment of their manufacture here, the consequent cheapening of transportation and the great advancement of the country. It involves no surrender of the principle of protection, and but manifests a judicious employment of the policy, to refuse it whenever the commodity is sold at a lower price in a foreign market than at home.

Such, then, are the industrial causes in the main, which have influenced the commercial policy of the United States since the Civil War, or which, in the case of the corporation, may reasonably be expected to influence it fundamentally. To prove a causal connection it would be necessary to refer to the reports of the various Ways and Means committees, the testimony heard before them and the reports of the special commissions to investigate the tariff. So far as any causal relation may be discovered as existing between an industrial phenomenon and a commercial phenomenon as reflected in the tariff policy, it may be rather hazardous to assume that such relation was recognized and acted upon by those responsible for our tariff policy. But those who speak of "purely political motives" as responsible for the continuance of the war tariff should remember that back of every political motive is usually to be found an economic or industrial cause, and that as a consequence it is no condemnation of the tariff policy of the last forty years to say that it rests upon "political justification." It is getting much nearer the center of the discussion to assume the industrial causes as antecedent to the political, and to inquire how far these were local and how far national in their bearing. An investigation of the material presented by and before the Committee of Ways and Means makes clear one fact in particular: namely, that local causes and interests predominate and that national interests are approximated by the most judicious harmonizing of local interests that it is possible to bring about. It is easy to criticise such a method, but this does not condemn the purpose, and the injustice which has inevitably resulted is traceable to the crudity of the political machinery rather than to the policy attempted. The time is ripe for another tariff commission similar to that of 1882.

To sum up what has been said, the main conclusions are as follows: 1. The Civil War was a period of industrial revolution, the chief events of which were the development of the Middle West, the improvement of transportation, and the abolition of slave labor.

2. These causes made it impossible to hold the home market for the home manufacturer except by means of a high tariff. Granting the desirability of doing so, the high revenue tariff was wisely retained on commercial grounds.

3. The shifting of industries within the United States does not lead to a belief in the permanence of the policy of protecting the home market, except as against counter tariff regulations.

4. The phenomenal development of the large corporation in the United States has introduced economies in production that should obviate the necessity for protection except so far as may be necessary to meet counter-propositions from other countries. In other words, production has so far outrun consumption, both for the farmer and the manufacturer, that each needs a larger market than the whole country is able to give.

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## RECIPROCITY IN THE AMERICAN TARIFF SYSTEM

The impression seems to prevail in some quarters that the cause of reciprocity, as a national policy, has been discredited and discouraged for many years to come by reason of the failure of the United States Senate to act favorably upon the several treaties negotiated and signed in 1899 and 1900, in accordance with the provisions of Section 4 of the Dingley tariff. These treaties, eleven in number and popularly called the Kasson treaties, were submitted to the Senate in the 56th, and again in the 57th Congress, and, although repeatedly renewed with respect to their exchange periods, have finally lapsed and are now of little interest to any one but the historian.

In so far as the reciprocity principle was outlined in and represented by these treaties, the view referred to respecting the status of the policy is not without some justification; but, on the other hand, our experience with reciprocity since 1897 has been far from unfruitful and discouraging for the future. In the first place, the people of the United States are distinctly favorable to the principle of reciprocity, and desire to see it applied whenever and wherever possible without injury to the best interests of domestic labor and capital, and without interference with our national revenue policy. President Roosevelt has earnestly commended the policy and clearly laid down the rules for its proper application in harmony with our established tariff system, repeatedly approved by the suffrages of the people. The Republican party, in its platform adopted in national convention in 1892, and again in 1896, and a third time in 1900, committed itself to this policy, and the leading statesmen of that party continue to advocate its judicious application.

The reciprocity negotiations initiated by the late President McKinley, in accordance with the Dingley tariff, have not resulted in the complete failure that many persons apprehend. It is true that the work under the fourth section has been without avail, but, on the other hand, the four commercial agreements concluded in 1898-1900 by authorization of Section 3 of the same tariff act, and put into operation by the proclamation of the President, without recourse to the Senate, represent a successful and interesting test of the reciprocity principle.

There has been complete continuity of policy pursued by the

administration in respect to this great question ever since the opening of negotiations for reciprocity in 1897. Everything within the traditional bounds of official propriety has been done by the executive branch of the Government to give effect to the statutory provisions looking to reciprocity arrangements contained in the tariff act of July 24, 1897. At the request of the interested governments, the treaties concluded under Section 4 were kept alive by the signature of supplementary conventions extending the respective periods for exchange of ratifications, in some cases as many as four times. Diplomatic arrangements were also made for the inclusion of the trade of Porto Rico in the commercial advantages secured to the United States by the agreements under Section 3. Furthermore, two important treaties giving further extension to the reciprocity policy have been concluded under the general treaty-making power, one with Cuba, already adopted, and the other with Great Britain on behalf of Newfoundland, still pending in the Senate.

The consistent attitude of the administration in these matters has created a most favorable impression in foreign capitals, and, in my opinion, has contributed largely in preventing international resentment and measures of retaliation against American trade in consequence of the high rates of the Dingley tariff. It is true that at the present time a strong protectionist movement prevails in Europe, and even threatens to control the tariff legislation in free-trade strongholds like the United Kingdom and the Netherlands; but if this movement is actuated and encouraged by any one trans-Atlantic influence more than another, it is the acknowledged success of the American system of high protection. The statesmen of Europe have come to recognize that the wonderful industrial and commercial prosperity of the United States has been firmly built upon the protective tariff system, and, consequently in the recent revision of their own tariffs this idea has prevailed. There have been, it is true, two or three isolated instances of obviously retaliatory action against American trade, but the situation is far better than was predicted a few years ago.

It will be convenient to classify reciprocity arrangements under two heads, (1) the perfected reciprocity treaties and agreements, and (2) the unperfected, that is, those which, although formally concluded (in the diplomatic sense), have failed of final adoption.

*Perfect Reciprocity Treaties and Agreements of the United States.*

I. PERFECTED TREATIES.

Administration.	Concluded with	Signed	Went into Effect	Terminated
Pierce .....	Great Britain for British Possessions in North America. (Marcy-Elgin Treaty.)	June 5, 1854 .....	March 16, 1855 .....	March 17, 1866.
Grant .....	Hawaiian Islands .....	January 30, 1875....	September 9, 1876 ..	Virtually by annexation, July 6, 1898; but customs features operative until April 30, 1900 do.
Arthur .....	(Fish-Allen and Carter Treaty.)			
	Hawaiian Islands .....	December 6, 1884 ...	November 9, 1887 ...	
	(Frelinghuysen - Carter Treaty.)			
Roosevelt ...	Cuba .....	December 11, 1902 ..	December 27, 1903 ..	In force.
	(Bliss-Zaldo and Montes Treaty.)			



## II. PERFECTED AGREEMENTS.

Administration.	With	Concluded	Proclaimed	Effective	Terminated
Harrison . . .	Brazil . . . . .	Jan. 31, 1891	Feb. 5, 1891	April 1, 1891	All practically abrogated by provisions of U. S. Tariff Act of August 27, 1894.
Harrison . . .	Dominican Republic . . . . .	June 4, 1891	Aug. 1, 1891	Sept. 1, 1891	
Harrison . . .	Spain for Cuba and Porto Rico.	June 16, 1891	Aug. 1, 1891	Sept. 1, 1891	
Harrison . . .	Salvador . . . . .	Dec. 30, 1891	Dec. 31, 1891	Feb. 1, 1892	In force.
Harrison . . .	Germany . . . . .	Jan. 30, 1892	Feb. 1, 1892	Feb. 1, 1892	
Harrison . . .	Great Britain for Barbados, Jamaica, Leeward Islands, Trinidad (including Tobago), Windward Islands (excepting Grenada) and British Guiana.	Feb. 1, 1892	Feb. 1, 1892	Feb. 1, 1892	
Harrison . . .	Nicaragua . . . . .	March 11, 1892	March 12, 1892	March 12, 1892	In force.
Harrison . . .	Honduras . . . . .	April 20, 1892	April 30, 1892	May 25, 1892	
Harrison . . .	Guatemala . . . . .	Dec. 30, 1891	May 18, 1892	May 30, 1892	
Harrison . . .	Austria-Hungary . . . . .	May 25, 1892	May 26, 1892	May 26, 1892	In force.
McKinley . . .	France . . . . .	May 28, 1898	May 30, 1898	June 1, 1898	
McKinley . . .	Portugal (including Azores and Madeira Islands).	May 22, 1899	June 12, 1900	June 12, 1900	In force.
McKinley . . .	Germany . . . . .	July 10, 1900	July 13, 1900	July 13, 1900	In force.
McKinley . . .	Italy . . . . .	Feb. 8, 1900	July 18, 1900	July 18, 1900	In force.
Roosevelt . . .	France (Porto Rican trade, etc.).	Aug. 20, 1902	Aug. 22, 1902	Aug. 22, 1902	In force.

*Our Experience with Reciprocity with Canada.*

The Marcy-Elgin treaty of 1854, which regulated our reciprocal commercial relations with the British North American provinces now composing the Dominion of Canada, besides the independent colony of Newfoundland, is noteworthy as being the first instance of the successful adoption by the United States of the reciprocity principle in treaty form. It established limited free trade in natural products between the two countries, the conventional list (identical on both sides) including 28 articles or classes of articles, the produce of the farm, forest, mine, and fisheries. It also provided for liberal fishing privileges for American fishermen and mutual transportation rights.

This treaty was in actual operation, as respects its customs features, during a period of exactly eleven years. It was terminated March 17, 1866, having been denounced by the United States one year previously in compliance with an act of Congress. The value of the reciprocal arrangement to this country has long been the subject of much discussion and radical difference of opinion. At the outset it was certainly beneficial to both contracting parties, but as time progressed the preponderance of commercial advantage was heavily in favor of Canada. There are several important reasons for this result. In the first place, the outbreak of the great Civil War created a most serious disturbance in the activities of our foreign trade, exports being speedily curtailed and the home consumption increased. Another disturbing factor was the unexpected action of the Canadian provinces in studiously and repeatedly increasing their import duties on manufactured goods, which commodities were, in strictness, outside the operation of the treaty, although perhaps within the spirit of its preamble and the intention of the negotiators. As a result, American exports to Canada in those lines steadily fell off; this situation was regarded at the time as wholly unwarranted and inequitable on the part of the Canadians, who were profiting so extensively by the treaty itself, and, in my opinion, it contributed not a little to the adverse attitude taken by Congress on the question of either renewing or modifying the treaty. But, of course, the circumstance, or rather series of circumstances, that particularly fired the popular indignation and opposition in this country was the

sympathy and assistance extended in Canada to Confederate refugees in their hostile movements along the border during the war. The abrogation of the treaty is usually ascribed to the just anger of our people on that account, and, in a lesser degree, to the unsatisfactory economic operation of the treaty. Still another sensible reason for the abandonment of the treaty—and one that has been almost entirely lost sight of by writers on this subject—was that the Government of the United States, at the close of the Civil War, was obliged to retrench expenditures and husband its revenues in every possible quarter; the special free list so long extended to Canada offered a resource for sorely needed revenue, and the opportunity was improved by Congress; the conventional notice of one year was given to the other high contracting party, and the treaty came to an end as stated.

So many factors enter into the matter that it is difficult, if not impossible, to satisfactorily demonstrate the influence of the treaty of 1854 by means of statistics. Without it, the trade would undoubtedly have increased to some extent, owing to the increase of population and industrial development, especially in the United States, besides the establishment of improved facilities of transportation. At any rate, in the earlier years of the reciprocal period there was a larger percentage of increase in the commercial movement between the two countries than at any time since 1820. The total exports of merchandise from this country to the North American provinces, in the fiscal year 1852-53, amounted in value to \$12,400,000, while our corresponding imports from that source were only \$6,500,000. The very next year the United States exports jumped to \$24,000,000 and the imports to \$8,800,000. In 1855 the figures were, exports \$27,700,000 and imports \$15,000,000; in 1856, exports \$29,000,000 and imports \$21,000,000. The last mentioned year witnessed the high-water mark of our exports to Canada under the treaty, while our imports from there rose in 1866, the last year of the reciprocal period, to the unprecedented figure of more than \$48,000,000. During the first half of the treaty period, therefore, the balance of trade was in favor of the United States, but in the closing years it had shifted in favor of Canada.

Earnest efforts, repeatedly renewed, have been made by the Canadians since 1866 to re-establish reciprocal relations between the two countries, but without avail. More than once the Liberal

party of Canada has gone to the polls with the pledge to accomplish this much-coveted result.

The unsuccessful efforts of the Anglo-American Joint High Commission of 1898-99 to reach an agreement upon the subject of commercial reciprocity, as well as upon any of the numerous other questions of difference submitted to its consideration, are fresh in mind. Many persons believe that a special arrangement satisfactory to both countries might have been made by that distinguished body, six plenipotentiaries on either side, had it not been for the determined position taken by the Canadian members, who insisted upon reaching an agreement upon all the twelve topics, including the Alaskan boundary dispute, before definitely disposing of any particular subject.

The happy removal of the question of the Alaskan boundary from the list of existing commercial differences would, therefore, seem to have eliminated a serious obstacle to a new reciprocity treaty. The outlook for Canadian reciprocity is therefore hopeful.

*Reciprocity with Hawaii.*

Our reciprocity treaty of 1875 with the Hawaiian Islands, signed by Secretary Fish, occupies an exceptional place in the history of the policy, inasmuch as its conclusion was dictated, on the part of the United States, by serious considerations of state rather than by purely economic motives. The superior rights and interests of this country in the islands had long foreshadowed ultimate annexation, and the treaty not only furnished an additional safeguard to Hawaii against possible aggressions by foreign powers, but it also gave to her principal product, raw sugar, an exclusive and effective commercial advantage in the vast market of the United States.

The treaty of 1875 virtually established free trade between the United States and Hawaii, the raw sugar and other natural products of the islands being granted free entry into the United States in return for like treatment by Hawaii of a long list of miscellaneous American products, practically comprehending the entire trade as it then existed. Hawaii also agreed not to lease or otherwise dispose of any port, harbor, or territory, or grant to any other nation the same privileges secured in the treaty to the United States.

This treaty was renewed in 1884 by a supplementary treaty, signed by Secretary Frelinghuysen, wherein Hawaii granted to the United States the exclusive right to establish a coaling station in Pearl Harbor, a valuable strategic advantage to this country. Besides the paramount considerations of national statecraft,—the security of the extensive American interests in the islands, the guaranty afforded against foreign encroachments, and the strategic value of a coaling station for the navy in its operations in the Pacific,—the treaty, in the end, was economically beneficial to the United States, for the preferential free admission of the crude sugar of Hawaii led to the establishment of the refining industry in California and built up the prosperity of the islands in which the entire United States now has equal interest. It is a noteworthy fact that for several years prior to annexation the United States took about 92 per cent of the entire exports of the Hawaiian Islands and in return furnished about 78 per cent of their total imports.

*The Reciprocity Treaty with Cuba.*

The recent adoption by the United States of the reciprocity treaty with the Cuban republic, signed at Havana on December 11, 1902, opens up an encouraging outlook for our export trade in miscellaneous manufactured commodities and food products.

The estimated remission in our revenues hitherto derived from Cuban sugar is considerable, but this objection is properly overborne not only by the dictates of the national sense of duty to Cuba, which under the Spanish regime (bad as it was), enjoyed a profitable and preferential market in the mother country, which is now largely lost, but also by the prospective value of the liberal preferential tariff concessions made by the young republic to our diversified export interests.

By the treaty just put into effect the United States grants a reduction of 20 per cent of the regular tariff duties upon all dutiable imports from Cuba. Reciprocally, that country agrees to admit at reductions of 25, 30, and 40 per cent of the regular duties, respectively, the articles of United States production enumerated in three schedules, while all remaining dutiable articles are to be admitted at a reduction of 20 per cent. The existing free lists of



the two countries are mutually bound during the term of the treaty, which is five years.

A most important fact for the development of American trade interests in the island is that the duty reductions of 20 to 40 per cent stipulated by Cuba must remain "*preferential in respect to all like imports from other countries*" during the treaty period. Such important tariff advantages, which are to be exclusively enjoyed by American exporters, should surely enable our trade in the island to expand enormously, and, while we now supply Cuba with less than half of what she buys abroad, we should soon, thanks to the treaty, virtually control the entire market.

In the calendar year 1902 Cuba imported goods to the value of 60 million dollars, of which the United States furnished 25 millions, or only 42 per cent—a poor showing, considering geographical advantages. The treaty should enable us to double this percentage. On the other hand, in the same year Cuba exported to the world goods to the value of 64 million dollars, of which 9 millions, or 77 per cent, was taken by the United States. The remission by this country of one-fifth of the Dingley duties on Cuban sugar and tobacco will materially benefit the producers on the island of those articles, but this is precisely what we should desire. If Cuba flourishes as never before, her prosperity will react in our favor inasmuch as she will need more goods from abroad, and will be able to buy more, and our preferential tariff treatment in her market will give us the control. For these reasons it is evident that our new Cuban treaty is a well-balanced contract from a purely economic viewpoint, justly redounding to the credit of the present administration and fulfilling the earnest hopes of the late President McKinley in respect to our commercial treatment of Cuba.

*Reciprocity Under Section 3, Tariff of 1890.*

All the commercial agreements made under the Harrison administration were negotiated and put into effect by Presidential proclamation under the provisions of Section 3 of the Tariff Act of 1890. That section, incorporated in the law following the suggestions of Secretary Blaine, was very simple. With the view of securing beneficial reciprocal relations with countries producing and exporting to the United States raw sugar, molasses, coffee, tea, and

hides, —all which articles had been placed on the free list of the tariff —the President was authorized to suspend their free entry whenever such countries imposed unreasonable duties upon American products, and thereupon certain duties specified in this section should be collected upon the enumerated articles. It was reciprocity by indirection, being a declaration to the countries concerned that the United States would expect fair and reciprocal tariff treatment for its products in their markets, and the legislative threat of retaliation was the effective leverage.

The commercial agreements concluded under the tariff of 1890 were skilfully negotiated, on the part of the United States, by Secretary Blaine, with the able assistance of Mr. John W. Foster. In return for the simple guaranty of the retention upon our free list of sugar and the other enumerated articles, important tariff advantages were secured in behalf of American trade in the contracting countries. For example, Brazil agreed to admit free of duty a list of important products, including wheat, flour, pork, fish, coal, agricultural and mining machinery, and railway material, and conceded a reduction of 25 per cent in her duties upon another list of articles, including lard, butter, cheese, canned meats, lumber, and cotton goods. The concessions made by the other countries of Latin America were equally liberal; for instance, Cuba granted free entry to 39 classes of articles, a duty-reduction of 50 per cent on 17 classes, and of 25 per cent on 14 classes.

Germany abolished the prohibition of hogs, pork and sausages, an obnoxious measure which had been enforced against American products since the year 1883, notwithstanding the strenuous and persistent efforts of our Legation for its modification or repeal. Germany further conceded to the United States the full benefits of her conventional tariff upon agricultural products as set forth in a series of reciprocity treaties with her neighbors. These valuable commercial concessions were contained in the famous "Saratoga Convention," which, like all the other arrangements under the Act of 1890, was effected by the exchange of diplomatic notes, in this case at Saratoga, N. Y.

Austria-Hungary also guaranteed to the United States her best tariff treatment of imports. A complete repertory of the articles grown or manufactured in the United States that received the benefit of this arrangement embraced nearly 2,000 separate items.

These commercial arrangements were abrogated by the provisions of the Wilson tariff of August 27, 1894, in spite of a saving clause in Section 71, for the reason that sugar—the principal basis of all the agreements—was then made dutiable indiscriminately from the whole world. They were therefore in operation, for the most part, only about three years, 1891-94; the majority scarcely two years. It is not reasonable to demand brilliant results in such a short period; even under favorable general conditions; but, as a matter of fact, the years 1893-94 were notoriously bad for the development of our foreign trade; the country was staggering under a most serious industrial depression, the causes of which were independent of anything connected with the reciprocity movement. Nevertheless, the opponents of the reciprocity policy are fond of pointing out the fact that during the reciprocal period our total exports of merchandise to some—not all, by any means—of the countries of Latin America with which we had entered into arrangements showed little, if any, increase; hence they argue that the reciprocity movement was a failure. Ignoring the influences mentioned, they, of course, ignore the fact that it was largely due to these same reciprocity arrangements that our exporters were able to hold their own and make a good showing, notwithstanding the adverse conditions prevailing at home.

But on the whole the official statistics give evidence of the beneficial effects of reciprocity. For instance, take the total United States exports to the whole of Latin America:

In 1891, before the reciprocal period, they were	\$90,000,000
" 1893, during " " " " rose to	103,000,000
" 1895, after " " " " fell to	88,000,000

Or, take the experience with Cuba:

In 1891, our exports of merchandise amounted to	\$12,200,000
" 1893, " " " " rose to	24,150,000
" 1895, " " " " fell to	12,800,000

The milling industry of the United States, of paramount importance in our national industrial economy, was benefited immensely, particularly in the markets of Cuba, Brazil, and Germany.

In 1891, total U. S. exports of flour were	11,300,000	bbls.
" 1892, " " " " " "	15,200,000	"
" 1893, " " " " " "	16,600,000	"
" 1894, " " " " " "	16,800,000	"
" 1895, " " " " " "	15,200,000	"

It was officially stated that during the reciprocal period, Spanish flour was almost completely driven out of the Cuban market, and everywhere the American gains in trade represented a corresponding displacement of European products. When we consider that all this happened in the midst of an era of industrial stagnation, trade discouragement and uncertainty, it is wonderful that the results were so favorable.

Brilliant as was the conception of this our first legislative expression looking to the general application of the policy of reciprocity, and beneficial and satisfactory as were the results attained on behalf of our foreign commerce during the brief life of the several arrangements concluded thereunder, the scheme, from an academic point of view at least, is open to one criticism, — instead of retaliation being made the impelling force, the hope of preferential treatment (not, however, excluding to all others the right of identity of treatment) should have been held out as the inducement to candidates for reciprocity. In other words, the articles sugar, molasses, coffee, tea, and hides, should have been made dutiable, and the President authorized, in the reciprocity section, to admit them free by proclamation, when imported from those countries which extended fair and reciprocal tariff treatment to American goods. Indeed, this was the original idea of Secretary Blaine, as expressed in his letters to the framers of the McKinley tariff and, by implication, embodied tentatively in an amendment to the then pending bill, drawn by himself and introduced in the Senate by Senator Hale on June 19, 1890. If Section 3 of that tariff had been drawn upon the lines referred to, it is probable that the results would have been even more beneficial, although, as I have stated, there is no room for reasonable criticism on this score. At any rate, it is probable that the responses on the part of foreign countries desiring reciprocal relations would have been more numerous. Furthermore, it would have avoided the diplomatic misunderstanding and friction, as well as partial dis-

placement of our established trade, entailed by the legal punishment of Haiti, Venezuela, and Colombia, upon whose raw sugar, etc., President Harrison was obliged to impose the contemplated duties, by proclamation, on March 15, 1892.

*The Reciprocity Features of the Dingley Tariff.*

The Tariff Act of July 24, 1897, carried the idea of reciprocity to a higher point of development than the tariff of 1890, for it combined the principle of the reciprocity section of the latter law with entirely novel features, contained in Sections 3 and 4. The provisions of Section 4, in which there was a time-limit of two years expressed, have proved abortive; but those of Section 3, with no time-limit, have yielded excellent results and warrant careful consideration.

The plan for the attainment of commercial reciprocity established by the Act of 1897, is the exact antithesis of that of the tariff of 1890. In the present tariff certain dutiable articles of merchandise are selected, and the President is authorized to reduce, by proclamation, the regular duties thereon to definite concessional duties, when imported from countries which grant to the United States reciprocal and equivalent concessions. This scheme contains no suggestion of retaliation, and yet affords strong inducements to countries producing and exporting the enumerated articles to enter into the contemplated reciprocal relations with this country, for the extent of the concessional reductions of duty is material, as will appear in the following table:



Table Showing Tariff Concessions Offered by Section 3, Tariff of 1897.

Enumerated Articles.	General Rate.	Concessional Rate.	Percentage of Reduction.
Argols, or crude tartar or wine lees, crude. ....	1 to 1½ cent per pound.	5 per cent ad valorem...	Average 70
Brandies, or other spirits manufactured or distilled from grain or other materials .....	\$2.25 per proof gallon.	\$1.75 per proof gallon.	22 2-10
Champagne and all other sparkling wines, in bottles, containing each not more than 1 quart and more than 1 pint ...	\$8 per dozen .....	\$6 per dozen .....	25
Each not more than 1 pint and more than ½ pint .....	\$4 per dozen .....	\$3 per dozen .....	25
Each ½ pint or less .....	\$2 per dozen .....	\$1.50 per dozen .....	25
In bottles or other vessels containing more than 1 quart each .....	\$8 per dozen, plus \$2.50 per gallon on quantities in excess of 1 quart.	\$6 per dozen .....	25
		plus \$1.00 per gallon on quantities in excess of 1 quart.	24
Still Wines, and Vermuth:			
In casks .....	40 and 50 cents per gallon.	35 cents per gallon ...	12½ 30
In bottles or jugs, case of 1 dozen bottles or jugs, containing each not more than 1 quart and more than 1 pint, or 24 bottles or jugs containing each not more than 1 pint .....	\$1.60 per case .....	\$1.25 per case .....	21½
Any excess beyond these quantities found in such bottles or jugs .....	5 cents per pint or fractional part thereof.	4 cents per pint or fractional part thereof .....	20
Paintings in oil or water colors, pastels, pen-and-ink drawings, and statuary .....	20 per cent ad valorem.	15 per cent ad valorem .....	25

*Provisions of the Commercial Agreements under Section 3, Tariff of 1897.<sup>1</sup>*

Country.	Concessions by U. S.	Concessions to U. S.	Terminable.
France . . . (Operative from June 1, 1898.)	All the authorized concessions, excepting on champagnes and other sparkling wines.	Minimum tariff on canned meats, fresh table fruits, dried or pressed fruits (excluding raisins), logs, timber and lumber, paving blocks, staves, hops, apples and pears crushed or cut and dried, manufactured and prepared pork meats, lard and its compounds.	No term specified.
Germany . . (Operative from July 13, 1900.)	Do. . . . .	Full conventional tariff, as granted to Belgium, Italy, Austria-Hungary, Roumania, Russia, Switzerland, and Servia, by reciprocity treaties of 1891-94 (the Caprivian treaties). Also, annulment of regulations for inspection of American dried and evaporated fruits, on account of San José scale.	Three months' notice.
Italy . . . . (Operative from July 18, 1900.)	Do. . . . .	Specified low rates (partly actual reductions) on cottonseed oil, pickled or preserved fish, agricultural machinery and parts, scientific instruments, dynamo-electrical machines and parts, sewing machines, and varnishes. Free entry of turpentine oil, natural fertilizers, crude, fresh or dried skins, and fur skins.	One year's notice (originally end of year 1903).
Portugal . . (Operative from June 12, 1900.)	Same concessions as granted to above countries (excepting on vermouth) and, in addition, contemplated lower rates on sparkling wines (of which practically no imports from Portugal into United States).	Most-favored-nation treatment (Spain and Brazil excepted) of flour or cereals (except wheat), maize and wheat in the grain, lard and grease, mineral oils and certain products, reaping, mowing and threshing machines, machines for compressing hay and straw, steam plows and parts, plowshares, instruments, implements and tools for the arts, manufactories, agriculture, and gardening. Specified minimum rates on most of above, including oils, and upon tar and mineral pitch.	June 12, 1905; then one year's notice.

*The German Agreement.*

The existing reciprocal agreement with Germany, signed at Washington in July, 1900, by Secretary Hay and Ambassador

<sup>1</sup> Switzerland is often included in the list of countries with which agreements under the Act of 1897 have been concluded. This is not exactly correct. By invoking a peculiarly worded most-favored-nation clause in her commercial treaty of 1850 with the United States, Switzerland obtained the benefit of the concessions granted to France for one year prior to March 23, 1900, when the clause in question was terminated at the instance of the United States.

von Holleben, for their respective governments, affords a striking illustration of the success attainable with small assets skilfully used by the American negotiator. In return for the identical concessional reductions which had been granted to France by the agreement of 1898, upon the few rather unimportant articles enumerated in Section 3, excluding sparkling wines, Germany formally conceded to all imports from the United States the full and unqualified benefit of her entire conventional tariff created by the series of reciprocity treaties concluded with her European neighbors during the chancellorship of Count von Caprivi. This assurance of continued equality of tariff treatment for our exports in that market, this guaranty against discrimination in any line of our export trade, so long as the agreement remains in force, is surely a concession of great value. Without the slightest disturbance of our established tariff economy, without injury to a single American industry, without eliciting a single murmur of complaint in this country, and at the expense of a comparatively slight sacrifice in national revenue, Secretary Hay secured for his country the best tariff conditions which Germany offers to imports from any country in the world. In fact, the United States could not improve its present position by the conclusion of an extensive regular treaty of reciprocity, excepting the conditions of denunciation, which it would be to our interest to have fixed, if possible, at a much longer period than upon a notice of three months.

In a political way, too, the happy conclusion of this agreement removed certain causes of irritation previously existing between the two governments, silenced threats of retaliatory action against the United States, and altogether promoted better international relations. It is therefore earnestly to be hoped that the same satisfactory commercial basis will be maintained in favor of our exports to Germany after the new reciprocity treaties, now in process of negotiation by that country, shall have replaced the treaties of 1891-94, referred to in the German-American agreement.

#### *Commercial Effects of the Agreements.*

Evidence is not lacking to prove that the reciprocity agreements under the existing tariff act have had a beneficial effect upon our export trade with the interested countries. This does not appear so plainly in the statistics of our total exports to those

countries, as in the growth of the exports of concessional articles. Take, for example, the case of France, where our agreement went into operation on June 1, 1898. Within the brief period of two years thereafter United States exports to France of the concessional articles (fruits, certain meats, lard, timber, etc.) increased more than 74 per cent in value, while our imports of goods from France affected by the agreement (argols, still wines, spirits, and works of art) showed an increase of only 5 per cent in value. Our total exports to the conventional countries have also shown a gratifying increase, due in part to these agreements.

*Total Exports from United States to Contracting Countries.*

Fiscal year ending June.	France.	Germany.	Italy.	Portugal.
1899 .....	\$60,600,000	\$155,800,000	\$25,000,000	\$4,100,000
1900 .....	83,300,000	187,300,000	33,300,000	5,900,000
1901 .....	78,700,000	191,800,000	34,500,000	5,300,000

So far as statutory provisions looking to reciprocity are concerned, this part of Section 3 of the Dingley tariff presents an ideal method, capable of indefinite extension at the will of Congress and in perfect harmony with our present tariff system. By reason of the limited number of articles enumerated and their character, reciprocity under this section has been necessarily limited to a few countries, but the results already accomplished have been so favorable as to strongly commend the plan itself to the statesmen of the United States, and especially to the loyal advocates of the associated policies of protection and reciprocity.

Notwithstanding all that has been said in the last few years in opposition to any reciprocity involving our tariff duties on competitive imports, it will be observed that all the articles of merchandise enumerated in Section 3 are of this character, entering into competition with domestic products, and that the authorized reduction of the regular duties thereon is considerable, being as high as 70 per cent in the case of argols, 25 per cent for sparkling wines and works of art, 22 per cent for spirits and for still wines in bottles, and 30 per cent for the higher grade of still wines in casks. Nevertheless, the American producers of the articles in question have made no complaint whatever on this subject, and the commercial results have shown that they have not been injured

by the agreements already put into operation. For instance, the official statistics of imports from France for the first two years following the proclamation of the agreement of May 28, 1898, show no increase of imports of French brandy and still wines, as might have been feared.

Section 3 of the present tariff contains, in its latter portion, provisions for penalizing imports of coffee, tea, and tonqua and vanilla beans—all upon the free list of the Act of 1897—when imported from countries which impose reciprocally unequal and unreasonable duties upon exports of the United States. In such emergencies the President is authorized to suspend, by proclamation, the free entry of these articles from the offending countries, whereupon certain specified duties shall be collected thereon. Fortunately, the conditions have not, up to the present time, justified and required the infliction of this penalty. Tea was made, and remains, dutiable by the revenue law of 1898, while the imports of tonqua and vanilla beans are not very important; this feature of Section 3, therefore, mainly concerns the great coffee-producing country of South America, and this suggests the general kindly policy of our government toward all the countries of Latin America.

The Executive should be armed by the legislature with the strongest possible weapons for effective action against any country that willfully and persistently discriminates against American trade, and it must be conceded that the available measures in this direction might wisely be enlarged and strengthened; but, at the same time, as President McKinley declared in his farewell to the people, measures of retaliation are not in harmony with the spirit of the times, nor, it may be added, in harmony with the policy and attitude of the present administration.

#### *Treaties which Have Failed of Adoption.*

A list of the reciprocity treaties which have been signed and submitted to the Senate of the United States and have failed of final adoption is given below. The recently concluded treaty with Great Britain, on behalf of Newfoundland, appears at the end; this, however, is still pending action. No mention is made of mere *projets* of treaties, upon which the general injunction of secrecy covering diplomatic transactions rests; but reference should be made to the



Brown-Thornton draft-treaty of 1874 for reciprocity with Canada, which, although unsigned, was passed upon by the Senate and rejected; also to the Blaine-Bond *projet* of 1890 for reciprocity with Newfoundland, which, although not signed, was submitted by the British Minister at Washington to his government, which withheld its consent to its conclusion, because of Canadian opposition. Mention should also be made of two treaties with Great Britain on behalf of Trinidad, which were negotiated and signed by Mr. Kasson under the fourth section of the present tariff, neither of which was transmitted to the Senate. The first, signed on July 22, 1899, failed to receive the required adherence of the colonial legislature; while the second, signed on February 13, 1900, lapsed after a brief period. Besides the unperfected treaties mentioned below, there were two commercial agreements negotiated in 1892 under the tariff of 1890, which were not proclaimed by the President; one was with Costa Rica, which was not ratified by the legislative body of that country, and the other was with France, which, however, was virtually made effective from January 30, 1893, by a French law which gave to the United States the minimum rates upon a few articles of import.

*Unperfected Reciprocity Treaties of the United States.*

Adminis- tration.	Country.	Signed.	Disposition.
Tyler .....	Germanic States of the Zollverein. (Wheaton Treaty.)	March 25, 1844 ....	Twice adversely reported. Ta- bled in Senate by vote of 26 to 18, in 1844-45.
Pierce .....	Hawaiian Islands .....	July 20, 1855 .....	No action—pressure of other questions.
Buchanan..	Mexico .....	December 14, 1859 ..	Rejected by Senate, vote of 18 to 27, May 31, 1860.
	(McLane-O'Campo Treaty.)		
Johnson ...	Hawaiian Islands .....	May 21, 1867 .....	Rejected by Senate, June 1, 1870.
	(McCook-Harris Treaty)		
Arthur ....	Mexico .....	January 20, 1883 ...	Ratified by Senate and pro- claimed by President, June 2, 1884, but never effective, for want of stipulated confirma- tory legislation by Congress. Twice extended by supplement- ary conventions of February 25, 1885, and May 14, 1886. Finally lapsed on May 20, 1887.
	(Grant and Trescott- Romero and Canedo Treaty.)		

Adminis- tration.	Country.	Signed.	Disposition.
Arthur ....	Spain for Cuba and Porto Rico. (Foster Treaty.)	November 18, 1884 ..	Withdrawn from Senate (before action) by President Cleveland in special message of March 13, 1885. Never resubmitted.
Arthur ....	Dominican Republic ..... (Frelinghuysen Treaty.)	December 4, 1884 ..	Also withdrawn at same time as foregoing.
McKinley ..	France ..... (Kasson-Cambon Treaty.)	July 24, 1899 .....	Lapsed September 24, 1903.
McKinley ..	Argentine Republic ..... (Buchanan-Alcorta Treaty.)	July 10, 1899 .....	Lapsed November 6, 1902.
McKinley ..	Great Britain on behalf of Barbados ..... (Kasson-Tower Treaty.)	June 16, 1899 .....	Lapsed April 26, 1903.
McKinley ..	British Guiana ..... (Kasson-Tower Treaty.)	July 18, 1899 .....	Lapsed March 12, 1903.
McKinley ..	Turks and Caicos Islands (Kasson-Tower Treaty.)	July 21, 1899 .....	Lapsed March 12, 1903.
McKinley ..	Jamaica ..... (Kasson-Tower Treaty.)	July 22, 1899 .....	Lapsed March 12, 1903.
McKinley ..	Bermuda ..... (Kasson-Tower Treaty.)	July 24, 1899 .....	Lapsed March 16, 1902.
McKinley ..	Nicaragua ..... (Kasson-Sanson Treaty.)	October 20, 1899 ..	Lapsed June 25, 1901.
McKinley ..	Denmark on behalf of St. Croix ..... (Kasson-Brun Treaty.)	June 5, 1900 .....	Lapsed November 9, 1902.
McKinley ..	Dominican Republic ..... (Hay-Vasquez Treaty.)	June 25, 1900 .....	Withdrawn by Dominican Government in August, 1902.
McKinley ..	Ecuador ..... (Sampson-Peralta Treaty.)	July 10, 1900 .....	Lapsed July 10, 1901.
	* * * *	* * *	* * * *
Roosevelt ..	Great Britain on behalf of Newfoundland ..... (Hay-Herbert Treaty.)	November 8, 1902 ..	Still pending.

This list of formally concluded treaties of reciprocity which, since the administration of President Tyler, have failed of final

adoption by our government (excepting, of course, the pending treaty for Newfoundland) shows, when compared with the previous list of perfected treaties, that reciprocity by this method has failed far oftener than it has triumphed; while, on the other hand, legislative reciprocity by Presidential proclamation has almost invariably succeeded. Perhaps this deduction may properly be regarded as a lesson for the future; but it must not be taken as a condemnation of the provisions of the treaties in the foregoing list, for something might justly be said in praise of each one of them.

#### *The Kasson Treaties.*

All the treaties concluded during the McKinley administration, eleven in number (besides the Trinidad convention), are commonly called the Kasson treaties, having been negotiated by the Reciprocity Commission, of which Mr. John A. Kasson was the head, appointed by President McKinley in October, 1897, to carry out the reciprocity features of the tariff of 1897. These treaties were framed in accordance with the provisions of Section 4 of that law, which authorized the President to negotiate reciprocity treaties providing for concessions to the contracting foreign countries, during a period not to exceed five years, upon the following bases, in exchange for equivalent advantages granted to the export trade of the United States:

- (1) Reduction of the present duty upon any article imported from any country, to the extent of not more than 20 per cent.
- (2) Transfer from the dutiable to the free list of any article which is a natural product of a foreign country, and, at the same time, not a natural product of this country.
- (3) Guaranty of retention on the free list of any article now free.

According to a literal interpretation of Section 4, the American negotiator had, as his available assets in reciprocity, a margin of one-fifth the duties upon any articles enumerated in the dutiable schedules of the Dingley tariff, and, as the theater of his operations, the whole commercial world. The one valuable lesson which we can draw from the lengthy mortality list in the above table, is that the statutory recommendations,—or mandatory directions, if you

please,—for reciprocity contained in that section were entirely too general and indefinite.

Mr. Kasson, the American negotiator of the lapsed treaties, has been a life-long Republican and consistent protectionist; he sincerely believed that none of the treaties under Section 4 contained a single provision in violation of the cardinal principles of our protective tariff system, and that no proposed concession on the part of the United States threatened the prosperity of any American industry by impairing the security afforded it by the rates of the Dingley tariff. The proposed reduction in duties in no case exceeded 20 per cent, the amount specifically authorized in Section 4, but, in most cases, it was far below that limit, the average reduction in the French treaty being less than 7 per cent, applied to only 126 numbers of our tariff.

These treaties have lapsed, and their details need not be given here. I have discussed them at length in other publications at a time when it was believed that at least some of them would be ultimately adopted.<sup>2</sup> They contained many meritorious features for the promotion and wider development of our foreign commerce, and they presented no real danger to the continued prosperity of any of our home industries. Very important interests, however—notably the manufacturers of cotton-knit goods in the case of the French treaty, the fruit-growers of California in the case of the Jamaican treaty, and the wool-growers of the Middle West in the case of the Argentine treaty—believed that the stipulated tariff reductions would seriously injure their respective industries by flooding the American market with the foreign products, and thus causing disastrous competition. These opponents have presented their protests so forcibly that the treaties in question no longer remain in the theater of practical action, but are merely food for the historian, the theorist, and the moralist.

#### *The Three Reciprocity Movements.*

There have been three well-defined and organized movements for reciprocity as a proper means of extending our foreign trade. The first of these took place in the administration of President

<sup>2</sup> "The Development of the Policy of Reciprocity," *Forum* for August, 1898; "The Work of the Reciprocity Commission," *Forum* for December, 1900; "Expansion through Reciprocity," *Atlantic Monthly*, December, 1901; "Reciprocity and Our Pending Treaties," *Collier's Weekly*, January 11, 1902.

Arthur, when a trade commission was despatched to the several countries of Central and South America with a view of bringing about more satisfactory commercial relations; and when the reciprocity treaties with Mexico, with Spain for Cuba and Porto Rico, and with the Dominican Republic were negotiated. This movement failed entirely, mainly because of a change of the party in power. The supplementary treaty of 1884 with Hawaii, which was perfected three years later in the Cleveland administration, might, however, be regarded as an exception.

The next movement began in 1889, under the administration of President Harrison, when the International American Conference assembled at Washington and recommended a series of Pan-American reciprocity treaties. The sequel was the amendment of the McKinley tariff of 1890, by the introduction of the reciprocity section, from which came the numerous Blaine arrangements, which were virtually terminated by the Wilson tariff of 1894.

The third and last movement was inaugurated in 1897 by the passage of the Dingley law with its triple reciprocity features: (1) reciprocity by treaty, with general limitations; (2) reciprocity by proclamation of authorized reductions, and (3) reciprocity based upon forbearance from the imposition of certain penal duties. The Kasson treaties and the existing agreements are the results of this movement, to which belong also the Cuban and the Newfoundland treaties, for these, although negotiated under the unhampered constitutional power of the Executive, carry out the true policy of reciprocity. The administrations of Presidents Arthur, Harrison, McKinley, and Roosevelt have therefore witnessed the highest development of this policy of fostering the export activities of the United States. There have been fatalities all along the line, but the actual concrete results show that the national efforts so far made during the third and existing reciprocity movement have not been in vain.

*The Proper Functions of Reciprocity.*

The highest object of reciprocity is to improve the tariff and kindred conditions under which the products of the United States are admitted into the ports of foreign countries; to remove existing, and prevent threatened, discriminating treatment and unrea-



sonable and reciprocally unequal duties. By the attainment of these objects our export trade will be greatly facilitated and promoted, and our producers will find increased profits, as well as enlarged markets. The true mission of reciprocity, then, is to do for the American exporter what protection has already accomplished for the wage-earner and his employer, to afford the measure of security requisite for the constant enlargement of his activities; and, of course, the welfare of our exporters means the welfare of our producers generally.

The need for reciprocity increases *pari passu* with the constantly increasing demand for new and wider markets, for easier entrance conditions and, above all, for equality of treatment with international competitors. The strength of this demand may be understood by bearing in mind that many of our largest industries, at their present rate of production, could entirely supply the home market by working only eight or nine months per annum, which means that the balance of the year would be consumed in manufacturing for export. In many lines of industry the international competition in the markets of Europe is extremely keen and sales are made upon a slight margin of profit. In such cases the application of discriminating rates to American products is sufficient to turn the scale against the successful entry of our surplus goods. Then it is that the aid of reciprocity may wisely be invoked for the correction of the discrimination and the establishment of satisfactory stable conditions. In fact, stability for the future with its reactionary chances is a most important consideration. The time is approaching when the enormous demands of our home market will be satisfied and then the welfare of our export trade will become a matter of grave national solicitude. When that time comes, reciprocity will be an international issue.

Reciprocity with foreign countries rests pre-eminently upon the motto *Do ut Des*. We seek what is valuable, and to obtain it, must make concessions of reasonable value. The proper extent of these return concessions is the crucial point in the whole question, and practically the entire opposition to the ratification of the Kasson treaties was predicated upon this phase of the problem. No one seriously questions the great desirability of securing, in some way or another, the benefit of the entire minimum tariff of France for American exports; or reduced duties and an enlarged free list

in the British West Indies; or better conditions of trade in Argentina, Nicaragua, Ecuador, etc.: There is practical unanimity among our people on the subject of these *desiderata* for our export trade interests; the diversity of opinion, however, relates to the reasonableness of the concessions proposed by the United States.

These conventional concessions may properly embrace stipulations to the following effect: (1) the reduction of our present duties on certain articles; (2) a guaranty of continuance, during the conventional term, of the present rates on certain articles, in other words, the "binding" of such rates, and (3) the binding of the present free list, in part or whole, for the benefit of the contracting country.

Concessions under the last two heads excite little or no opposition; the real contest relates to the lowering of existing duties (or, of course, to the exemption from duties) on highly competitive articles. Experience—particularly in the case of the lapsed French treaty—has shown that a very slight reduction in duty, say of 5 per cent, arouses no antagonism; but when reductions of 20 per cent, or 15 per cent, or sometimes even 10 per cent, are proposed, serious objection is raised by the interested home industries. It is therefore highly desirable to find some reliable criterion for the regulation of the duty-revising effects of reciprocity with highly civilized countries like France.

The time has passed for seriously questioning the success of the protective tariff system in the United States; the people have repeatedly approved it and returned to it after brief and partial departures, and the material results achieved under it since 1897, the period of its highest development, have further emphasized its success as a national policy, its efficacy in stimulating industrial activity, supplying the needful revenues, and bringing and maintaining widespread prosperity. The question, therefore, of assigning proper limits to the revisionary tariff effects of the reciprocity policy is one of paramount importance.

It is true that reciprocity with one country may rest upon peculiar considerations and call for greater liberality of treatment than reciprocity with another country; a case in point is Cuba, where we have the regulation of a neighborhood trade. Nevertheless, it is possible to formulate a satisfactory general rule. The scientific justification of our protective tariff lies in the fact

that the duties on competitive articles have been made sufficiently high to counterbalance the disparity existing between the low wages prevailing in foreign countries and the higher wages paid in the same industries in the United States. The pursuance of this legislative method of safeguarding American industries is demonstrated, in a rough way, by the average duty collected upon foreign imports. The wages paid in almost any industry in Europe average at least 50 per cent lower than corresponding wages in this country, and, very properly, our average duty upon dutiable imports from Europe is 50 per cent *ad valorem*. There are, of course, inequalities here and there, and the industrial conditions are constantly changing to some extent, so that in time several schedules of the present tariff will require revision. Without discussing the probable nearness or remoteness of such time, it is to be hoped that when it arrives, those duties which shall then be found to be "no longer needed for revenue or to encourage and protect our industries at home," may be "employed to extend and promote our markets abroad," to use the words of President McKinley at Buffalo.

Upon these important phases of reciprocity—its applicability in any future readjustment of the tariff and the rule for its judicious application—we can profitably follow the excellent recommendations to Congress contained in the Annual Messages of President Roosevelt.

The following paragraph is from the Message of 1901:

"Reciprocity must be treated as the handmaiden of protection. Our first duty is to see that the protection granted by the tariff in every case where it is needed is maintained, and that reciprocity be sought for so far as it can safely be done without injury to our home industries. Just how far this is must be determined according to the individual case, remembering always that every application of our tariff policy to meet our shifting national needs must be conditioned upon the cardinal fact that *the duties must never be reduced below the point that will cover the difference between the labor cost here and abroad*. The well-being of the wage-worker is a prime consideration of our entire policy of economic legislation."

The rule to which I have called attention in the extract from the Message of 1901 offers a practical method of determining in a given case whether or not a duty-reduction proposed in reciprocity involves a violation of the essential principles of protection and

hence threatens to be hurtful to the domestic industry concerned. It is always possible to learn, with approximate exactness, the wages and net cost of production in a manufacturing industry both at home and abroad. In fact, the existing machinery of our government can supply the required *data*, the consular service in the foreign field and the Department of Commerce and Labor in the home market.

Reciprocity applied in accordance with the rule of action just mentioned will be, in the language of Secretary Hay's memorial address upon President McKinley, "the bulwark of protection—not a breach, but a fulfillment of the law."

*Three Methods of Reciprocity Suggested.*

In conclusion, there are three distinct modes for the attainment of commercial reciprocity with foreign countries which naturally suggest themselves to the student of the policy as desirable of adoption. These are,

1st. Reciprocity by commercial treaties made under the constitutional power of the Executive. This method is well adapted for the execution of a comprehensive and equitably balanced reciprocal commercial convention with Canada or Mexico, our great neighbors.

2d. Reciprocity by commercial agreements based upon legislative authorization similar to that contained in Section 3 of the present tariff, but with a greatly extended list of concessional articles to meet the conditions of our trade with the leading countries of the world. This method involves further legislation by Congress upon the lines of the first part of Section 3. I have pointed out the remarkably smooth workings of the existing statutory provisions of this section; the ease with which the negotiations were conducted, each contracting country knowing in advance precisely the full extent of the possible concessions by the United States; the silent and speedy manner in which the agreements were carried into effect in this country by proclamation of the President, without recourse to the Senate; the universal acceptance, without a murmur of disapproval, of the *fait accompli* by the industrial interests of this country supposed to be especially interested, and, lastly, the substantial commercial advantages and privileges secured to our trade through these agreements.



The great advantage of this system of reciprocity must be obvious to the reader. Congress has only to extend the present short list of argols, wines, spirits, and works of art, into a much larger list, applicable to all the great countries of the world with which we might profitably enter into more satisfactory commercial relations, putting into the new list articles of import which those countries would desire to see reduced in duty, and, while fixing the reduced duties at rates entirely consistent with adequate protection to home interests, an incentive would be offered to each of those countries to make really valuable concessions to the United States. It is an interesting circumstance to recall, in this connection, that the framers of the Dingley law themselves contemplated making the third section more far-reaching. As originally passed by the House of Representatives, this section provided for concessional reductions on chicle, sugar, laces of silk, and mineral waters, besides the articles enumerated in the law as enacted. The former articles, which were stricken out by the Senate, would have rendered reciprocity under Section 3 still more effective.

3d. Reciprocity by the adoption of a double tariff system, with maximum and minimum rates of duty upon the same articles—the higher rates to be applied to countries which discriminate against, or levy unreasonable duties upon, our exports, and the minimum rates to be enjoyed by those countries that extend their best tariff treatment to the United States. This system, which is in use by France, Russia, Spain, and Norway, has of late been favorably discussed by leading American statesmen and economists. The scheme is not so foreign to the reciprocity plan now in operation as might be imagined. Its adoption would simply mean the application to our entire dutiable list of the principle of Section 3, which, on a limited number of dutiable articles, has virtually established two rates, the general and the concessional. By the European system, in addition to the free list, the rates of the two tariffs are often identical on many articles.

One advantage of the double tariff as used by France is that the legislature preserves the right to raise the minimum tariff at any time, irrespective of existing treaty relations. Hence, the revenue powers of the government are in no way impaired, and in cases of emergency the entire minimum, as well as the maximum,



schedules may be increased *ad libitum*. This is the only important difference between the maximum and minimum system and the conventional tariff system used by Germany, Italy, Austria-Hungary, and Switzerland. In these countries the lower tariff is made up of the aggregate of reduced duties provided in special reciprocity treaties, and the benefits of such conventional reductions are mutually extended to third nations under the universal operation of the general most-favored-nation clause, in accordance with the well-known European interpretation given to that clause.

The first two methods above mentioned might be successfully used in conjunction, as at present; but the third method, the double tariff system, would seem to cover the whole ground and permit of no auxiliary arrangements. There is, however, one form in which this system might be utilized in perfect harmony with independent reciprocity negotiations. If a scale of maximum duties were created by Congress by a horizontal increase of the present rates to the extent of, say, 20 per cent, such maximum tariff could be reserved for retaliatory action against countries which wilfully discriminate against the United States, while, at the same time, the regular tariff could be applied to the rest of the world in general and be used, from time to time, as a basis of special reductions in reciprocity, effected either by regular treaties or by commercial agreements like those in force. A maximum tariff of this character would mean simply the enactment of penal duties to be applied in extraordinary cases by the executive branch of the government, in the manner of existing provisions in the tariff legislation of Germany and Belgium; but the combined system of reciprocity and penal tariff thus constituted would be comprehensive, harmonious, and effective in meeting all possible contingencies in the commercial relations of the United States.

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## THE MAIN FEATURES OF THE PRESENT FOREIGN TRADE OF THE UNITED KINGDOM

After years of comfortable satisfaction in its commercial and industrial supremacy, the United Kingdom has suddenly become conscious of the fact that its position is being assailed by the foreigner, and that something must be done to save it. As a result the attention of the English people is absorbed at present in a mighty campaign, the significant feature of which is that it involves the reversal of a time-honored policy of free trade, and the substitution therefor of a discriminative tariff, which, as directed against foreign countries, shall grant preference to the trade within the Empire. As might have been expected, this issue, involving as it does a radical departure from a policy which has virtually attained the character of a creed, has firmly set on foot the "spirit of inquiry." In fact, the most interesting feature of the whole struggle is the activity and zeal with which the discussion is carried on. Both sides to the conflict have within an incredibly short period of time overwhelmed the public with a mass of literature and statistical information, until practically every side of the United Kingdom's foreign trade has been stated over and over again. And yet, despite all that has been written and spoken, there is scarcely any subject concerning which there is greater uncertainty in the public mind.

Those who favor the existing policy of free trade base their action primarily upon the great progress which England has experienced during the last half century. Without entering upon a discussion of the causal connection between this progress and the existing policy, it should, nevertheless, be stated that the development of English trade and industry subsequent to the introduction of free trade presents, on the whole, a case of remarkable progress. Thus during the half century following 1850 the value of Great Britain's import trade has approximately increased by four times, while her export trade has increased nearly three times. Not only has her foreign trade increased more rapidly than her population, but by far the greater part of her colonial trade has been created within this period, the total trade figures in this respect rising from £53,666,588 in 1851 to £210,362,107 in 1901, or an increase of

nearly three times. Similarly, the per capita wealth of the country has approximately doubled and the national income has nearly trebled.<sup>1</sup> British shipping has increased its carrying power by about fourteen times, and has grown in magnitude so as to include over half the tonnage of the world.<sup>2</sup> Lastly the United Kingdom has become during this period a great creditor country, whose returns upon her capital, now invested in all parts of the globe, are annually swelling her imports to a higher and higher figure.

Time, however, is producing a marked change in the commercial position of the United Kingdom. The field of trade, which was secured to Great Britain by virtue of her naval power and her primacy in the art of modern manufacturing, and which, until recently, was enjoyed by her practically as a monopoly against the outside world, is now being invaded everywhere by commercial rivals equal to her in natural resources, in skill and in industrial organization, and only too eager to dispute her commercial supremacy wherever possible. The great nations of the world, in other words, have succeeded in availing themselves of the very advantages which constituted the source of England's commercial monopoly. The result has been that these nations have placed themselves upon a footing of industrial equality with England. For the first time Great Britain has been forced to face the serious competition of foreign rivals, and for the first time has the element of competition effectively entered the field of international trade.

With this shifting in the position of the United Kingdom in foreign trade, has gone a corresponding change in public opinion. Despite the great progress which we have noted in Great Britain since 1850, there has developed an influential party which declares that this progress has reached its limit, and which sees in the near future the possibility of England losing her position of first place in the world's markets through the successful competition of her rivals. It is held by this party that the English home market is not only unprotected to-day against the importation of foreign goods, but, also, that her foreign trade is being restricted from year to year by constantly rising tariffs; that there is even danger of England losing ground in the neutral markets of the world. In

<sup>1</sup> Mr. G. Armitage-Smith, "The Free-trade Movement and Its Results," p. 140.

<sup>2</sup> *Ibid.*, p. 136.

brief, British trade is characterized as "stagnant" and even "retrogressive." No hope is offered to anticipate any change for the better under present conditions. The United Kingdom, it is claimed, being bound hand and foot by her present fiscal policy, is rendered powerless to counteract the numerous evil tendencies which are revealing themselves in her foreign trade.

To determine, if possible, the extent to which these claims are justified will be the principal object of this paper. And in attempting this we shall confine ourselves almost entirely to an analysis of the statistics contained in the official Blue-Books and in the "Memoranda, Statistical Tables and Charts prepared in the British Board of Trade." We shall allow the facts as presented in these sources to assist us in giving, first, a brief analysis of the extent and salient features of British trade as it exists to-day; and, secondly, a statistical presentation of the tendencies of the foreign trade of the United Kingdom in its relation, first, to the colonies and possessions; secondly, to the principal protected nations; and thirdly, to the free-trade area.

#### *Analysis of Great Britain's Import and Export Trade.*

To understand fully the commercial position of the United Kingdom to the outside world it is essential that we first clearly understand the nature of her trade. For the purpose of acquiring this information the trade statistics of any recent year may be analyzed to advantage, preferably those of 1900, since the details for that year have been most carefully worked out. In examining, then, the statistics for this particular year, three principal features of British trade force themselves upon our attention, namely, first, the great preponderance of British imports over exports; secondly, the great extent to which the United Kingdom is an importer of food and raw material, and an exporter of manufactured produce; and, thirdly, the relatively small importance of Great Britain's imperial trade as compared with her foreign trade. These three characteristics take precedence over all others, and must be constantly borne in mind if we are to judge correctly the needs of the United Kingdom in her commercial relation to foreign countries.

Turning our attention first to the excess of imports over exports, we find that the aggregate value of imports into the United

Kingdom in 1900 amounted to £523,000,000, while the aggregate value of the exports, not including the £63,000,000 of re-exports of imported produce, amounted to but £291,000,000. This enormous difference between imports and exports commands our special attention when we reflect that the annual difference has been large for over half a century, and that, on the whole, despite variations in individual years, this difference has been a constantly increasing one. Thus, for example, it is found that the proportion of exports to imports has gradually declined from 66.9 per cent in the period 1854-1858, to only 52.8 per cent in 1899-1902. Furthermore, if we divide the forty-eight years, 1854-1902, into five-year periods, and then take the annual average of imports for each respective period, we shall find that with the exception of the years 1884-1888 each period shows a decided increase over the preceding one, the successive gains being as follows:<sup>3</sup>

	Total Imports (million £).	Percentage Increase.
1854-58.....	163.8	
1859-63.....	216.2	32
1864-68.....	282.2	30
1869-73.....	331.	17
1874-78.....	376.4	14
1879-83.....	402.2	7
1884-88.....	372.2	decrease, 7
1889-93.....	422.4	14
1894-98.....	437.8	3
1899-02.....	514.5	18

The total exports, on the other hand, increased rapidly in money value prior to the years 1872 and 1873. Subsequent to these years, however, no material advance occurred, on the whole, until the years 1899 and 1900, when the South African War and the Indian Famine caused the exports of British produce to reach a higher money value than ever before. Taking into account, however, the general decline in prices during the last thirty years, we would need to increase both imports and exports by probably some 30 per cent or more, thus showing an enormous increase in the imports of the United Kingdom, as well as a substantial increase

<sup>3</sup> "Memoranda, Statistical Tables, and Charts prepared in the British Board of Trade on British and Foreign Trade," 1903, p. 5.



in the exports.<sup>4</sup> Considered for the last ten years, the annual excess of imports of merchandise, bullion, and specie over exports has averaged £161,000,000,<sup>5</sup> varying during this period from a minimum of £132,000,000 in 1893 to a maximum of £184,000,000 in 1902.

The explanation for this enormous excess is found in the fact that England holds the position of a creditor country, whose claims upon the outside world in the form of profit from foreign investments and payment for services are received in the form of imports. Thus England has loaned money to her colonies and to foreign countries for industrial and military purposes, the returns upon which are estimated by the British Board of Trade to greatly exceed £62,500,000.<sup>6</sup> Next we must consider the profit going to persons engaged in international trade, and this has been variously estimated at £40,000,000.<sup>7</sup> England is also the center for marine insurance and international banking, and receives commissions from these sources variously estimated at £18,000,000.<sup>8</sup> To these enormous returns we must further add the earnings of the British carrying trade, now by far the greatest in the world and estimated at approximately £90,000,000,<sup>9</sup> and also the returns sent to England in the form of salaries, pensions and annuities received by her citizens abroad. Other items of smaller importance, no doubt, exist, which, together with those already mentioned, furnish an ample explanation for the excess of imports over exports. Indeed, the balance is again partly restored by the fact that England is constantly exporting more money as investments, in 1902 to the extent of over £57,000,000,<sup>10</sup> to her possessions and to foreign countries.

Equally important to Great Britain's position as creditor nation to the outside world is her increasing dependence upon the outside world for her food supply. In fact, the United Kingdom, owing to the increase of her population and the development of her

<sup>4</sup> Mr. A. Sauerbeck, for example, has calculated that British prices of commodities were 32 per cent lower in 1899 than for the period 1867-1877.

<sup>5</sup> "Memoranda, Statistical Tables and Charts prepared in the British Board of Trade on British and Foreign Trade," 1903 p. 99.

<sup>6</sup> Ibid., p. 103. Sir Robert Giffen has estimated that Great Britain receives in interest and profits about £90,000,000. "Journal Royal Statistical Society," 1899, p. 35.

<sup>7</sup> Mr. Harold Cox, "The United Kingdom and Its Trade," 1902, p. 33.

<sup>8</sup> Sir Robert Giffen, "Journal of the Royal Statistical Society," 1899, p. 35.

<sup>9</sup> "British Board of Trade Statistics on British and Foreign Trade," 1903, p. 102.

<sup>10</sup> Ibid. p. 104.

manufacturing industry, has placed herself in a position of utter inability to supply her inhabitants with her own food products. That this is true can be readily shown by statistics. Thus in 1870 under the most favorable circumstances the total area of land devoted to the raising of wheat reached 4,000,000 acres. In 1900, however, this area had fallen to 1,900,000 acres, or a decrease of 52.5 per cent. Mr. Harold Cox, by assuming that all this land could again be brought back into wheat cultivation with the high average yield of thirty-one bushels per acre, shows<sup>11</sup> that the total additional yield to the present amount of home-grown wheat would be but 32,000,000 cwts., while the importation of wheat and wheat meal into the United Kingdom in 1900 amounted to 98,000,000 cwts., or three times as much as could possibly be procured by more than doubling the wheat area now under cultivation.

Still more marked does this dependence of the United Kingdom upon the outside world for her supply of food become, when we examine the import and export statistics themselves. From these it appears that while the home production of wheat and wheat flour has decreased from an annual average yield of 39,100,000 cwts. in the period 1885-1887 to 29,700,000 cwts. in the period 1900-1902, the importation of such products has, on the contrary, increased

TABLE I.

*Wheat and Wheat Flour produced in and imported into the United Kingdom.*

(Taken from the "British Board of Trade Statistics on British and Foreign Trade," 1903, Table III, p. 108.)

	1885-1887. Cwts.	1890-1892. Cwts.	1895-1897. Cwts.	1900-1902. Cwts.
(a) Total Quantities:				
Home Production .....	39,144,392	37,769,969	27,290,694	29,737,190
Imported .....	76,521,910	89,175,178	98,528,186	102,529,945
(b) Quantities per head of population:				
Home Production .....	1.1	1.0	0.7	0.7
Imported .....	2.1	2.4	2.5	2.5
(c) Percentage of Total Quantity:				
Home Production .....	Per Cent. 33.8	Per Cent. 29.8	Per Cent. 21.7	Per Cent. 22.5
Imported .....	66.2	70.2	78.3	77.5

<sup>11</sup> "The United Kingdom and Its Foreign Trade," 1902, p. 22.

during the same periods from 76,500,000 cwts. to 102,500,000 cwts. Home production of wheat and wheat flour has thus decreased in fifteen years from 33.8 per cent of the total necessary supply to only 22.5 per cent, while the importation has increased from 66.2 per cent to 77.5 per cent or over three-fourths of the total. Stated with reference to the increase of population, the per capita importation of wheat and flour has steadily increased from 1.4 cwts. in 1870-1872 to 2.5 cwts. in 1900-1902. During the same interval the per capita importation of meat and animals for food, the next most important item, has also steadily increased from 14.6 lbs. in 1870-1872, to 30.2 lbs. in 1880-1882, to 41.4 lbs. in 1890-1892, to 56.6 lbs. in 1900-1902. In the first case, that of wheat and flour, the per capita importation has nearly doubled in the last thirty years; while in the case of meat and animals for food it has increased by nearly three times.

Again, extending our examination not merely to the wheat and meat supply, but to the entire food supply, it appears that the United Kingdom has since 1870 increased its imports of food from £91,750,000 in that year to £219,839,229 in 1901, or a per capita increase of from £2 17s. 5d. in the former year to £5 5s. 7d. in the latter. It also appears that in the year 1900 the United Kingdom imported foodstuffs to the extent of £213,036,000, or over 40 per cent of the total imports, and exported such products to the small extent of £15,319,000, thus showing that the United Kingdom not only consumes nearly all her own food products, but is obliged to import fourteen times as much as she is able to export. So also in the case of raw material, the United Kingdom imports over 3.5 times as much as she exports, the figures for imports in 1900 standing at £155,361,000, and for exports at but £43,713,000. In fact, the only item of English trade which tends to turn the balance in favor of the exports is that of manufactured produce. Yet here the preponderance in favor of exports is by no means as great as is the preponderance of food and raw material on the side of her imports. In the case of partly manufactured articles, for example, England imports more than she exports, the figures for 1900 being £38,424,000 for imports and £35,846,000 for exports. Only in the case of finished manufactured goods does the United Kingdom export more than she imports, but even here

her exports of £192,460,000 in 1900 are largely offset by the formidable figure of £104,111,000 for imports.

This large proportion of imported manufactured goods to the exported has an added significance when we observe that the proportion of manufactured exports to the total exports is a constantly decreasing one. The truth of this may be conveniently shown by dividing the thirty-eight years from 1864 to 1902 into five-year periods, and taking the average for each period with a view of comparing the total exports of the United Kingdom with the exports of manufactured or partly manufactured goods. Two striking facts are revealed by such a comparison. First, that the money value of manufactured exports from the United Kingdom has on the whole remained practically constant between the years 1873 and 1899; and, secondly, that the proportion of manufactured exports to the total exports has shown a decrease of from 92.3 per cent in the period 1864-1868 to 81.6 per cent during the years 1899-1902. On the other hand the average annual value of imported manufactures has steadily increased during the same five-year periods from 16.4 per cent of the total imports in the years 1864-1868 to 27.8 per cent during the period 1899-1902.

TABLE II.

*The Imports and Exports of the United Kingdom (Merchandise only) compared with the Imports and Exports of Manufactured or Partly Manufactured Goods. ("British Board of Trade Statistics on British and Foreign Trade," 1903, p. 5.)*

Annual Average for	Total Im- ports of Mer- chandise. Million £.	Total Im- ports of Man- ufactures. Million £.	Propor- tion of Manufac- tures to Total Imports. Per Cent.	Total Ex- ports of Mer- chandise. Million £.	Total Ex- ports of Man- ufactures. Million £.	Proportion of Manu- factured Exports to Total Exports. Per Cent.
1854-58	163.8	23.0	14.6	109.6	98.0	89.3
1859-63	216.2	32.6	14.9	132.4	120.5	91.0
1864-68	282.2	46.3	16.4	175.0	161.5	92.3
1869-73	331.0	58.6	17.7	224.8	204.2	90.8
1874-78	376.4	75.4	20.0	211.2	189.3	89.6
1879-83	402.2	80.3	20.0	226.2	201.1	88.9
1884-88	372.2	84.6	22.7	223.0	196.9	88.3
1889-93	422.4	98.7	23.3	240.8	208.8	86.7
1894-98	437.8	115.1	26.2	229.8	197.0	85.7
1899-02	514.5	143.1	27.8	271.8	221.8	81.6

In brief, this examination of the three items of food, raw material, and manufactured or partly manufactured produce, leads to the following conclusions:

(1) That the United Kingdom is dependent upon the outside world for a very large percentage of her food and raw material, and that this dependence is an increasing one.

(2) That although manufactured produce constitutes by far the most important item among her exports, the United Kingdom, nevertheless, imports considerably over half as much manufactured produce as she exports.

(3) That the value of her net imports of food and raw material exceeds the value of her gross exports of manufactured or partly manufactured goods by over 40 per cent, and exceeds the value of her net exports of such goods by over three and one-half times; and

(4) That the importation of manufactured produce into the United Kingdom, despite the fact that it already equals over half the exports of such goods, shows a constant proportionate increase, while the exportation of manufactures, on the other hand, shows a constant proportionate decrease.

#### *Great Britain's Trade with her Colonies.*

What we are especially interested in is not so much the momentary position of Great Britain's trade, as the dynamic side of it, *i. e.*, we are primarily interested in tendencies. It is essential, therefore, to inquire into the development of British trade in connection with her colonies and possessions, with her protected competitors, and with that portion of the globe which may still be described as a free-trade area. For the sake of convenience we may begin with a discussion of Great Britain's colonial trade. Let us attempt to determine its absolute and relative importance, and to see whether the share of this colonial trade falling to the United Kingdom is becoming proportionately greater or less in extent.

It may be observed in the first place that the trade with her possessions forms but a comparatively small part of the total trade of Great Britain. This appears clearly from an examination of Tables III and IV, which present the total British imports and exports of merchandise during the period 1858 to 1902 as compared with the imports and exports sent to or derived from the colonies.



TABLE III.

*The Total Value of Imports of Merchandise into the United Kingdom and the Amount Imported from British Possessions.*

[“British Board of Trade Statistics on British and Foreign Trade,” 1903, p. 407.]

Annual Average for	Value of Total Imports of Merchandise. Million £.	Value of Imports from British Possessions. Million £.	Proportion of Imports from Possessions to Total Imports. Per Cent.
1858-60 .....	184.3	40.0	21.1
1861-63 .....	230.6	67.3	29.1
1864-66 .....	280.3	79.6	28.4
1867-69 .....	288.3	66.0	22.8
1870-72 .....	333.0	72.6	21.8
1873-75 .....	371.0	82.3	22.1
1876-78 .....	379.3	84.0	22.1
1879-81 .....	390.3	87.6	22.4
1882-84 .....	410.0	98.0	23.9
1885-87 .....	361.0	83.3	23.0
1888-90 .....	412.0	93.3	22.6
1891-93 .....	421.3	96.3	22.8
1894-96 .....	422.3	94.3	22.3
1897-99 .....	469.0	100.3	21.3
1900-02 .....	524.3	107.3	20.4

TABLE IV.

*The Total Value of Exports of Merchandise from the United Kingdom and the Amount Exported to British Possessions.*

[“British Board of Trade Statistics on British and Foreign Trade, 1903,” p. 411.]

Annual Average for	Total Exports of Merchandise. Million £.	Value of Exports to British Possessions. Million £.	Proportion of Exports to Possessions to Total Exports. Per Cent.
1858-60 .....	127.6	43.3	33.9
1861-63 .....	132.0	45.0	34.2
1864-66 .....	171.6	51.0	29.7
1867-69 .....	183.3	49.3	26.8
1870-72 .....	226.3	54.3	24.0
1873-75 .....	239.3	69.6	29.0
1876-78 .....	197.6	67.0	33.9
1879-81 .....	216.3	71.6	33.1
1882-84 .....	238.3	83.3	34.9
1885-87 .....	216.0	76.3	35.3
1888-90 .....	248.6	84.6	34.0
1891-93 .....	230.6	77.6	33.6
1894-96 .....	227.3	75.6	33.2
1897-99 .....	240.6	83.6	34.7
1900-02 .....	277.0	101.6	36.6

If we divide the above forty-five years into fifteen periods of three years each, and compare the average annual imports of all merchandise into the United Kingdom during each of these periods with the average annual imports from the colonies, we shall find that, with the exception of the years covering the Civil War, the ratio for these respective periods has varied between the close limits of 20.4 per cent and 23.9 per cent. Indeed, the United Kingdom's imports from the colonies during the last three years, 1900-1902, fell to 20.4 per cent of the total, or a smaller proportion than for either the years 1858-1860 or any succeeding three-year period. Stated in absolute amounts, the value of the total imports of merchandise into the United Kingdom has increased during the forty-five years under consideration from £184,000,000 to £523,000,000, or 184 per cent; while the value of the colonial imports into the United Kingdom has increased from £40,000,000 to £107,000,000, or 167 per cent. There is every reason, therefore, to conclude that only slightly more than one-fifth of British imports of merchandise has been received from the colonies during nearly the whole of the last half century, and that this proportion may be described as practically constant during all this time, with even a slight tendency to decline.

Similar results are obtained by the above process in comparing the total exports of merchandise from the United Kingdom with the portion exported to the colonies. As in the case of imports, so also in the case of exports, the relative value of the colonies has remained practically constant since 1858. By dividing the period 1858-1902 into three-year periods and comparing the average annual exports of Great Britain to her possessions during each of these periods with her total exports, it will be found that as regards twelve of the fifteen periods the ratio has ranged between the close limits of 29 and 35.3 per cent. During the same period the absolute amount of Great Britain's exports of merchandise increased from £127,000,000 to £277,000,000, or by 118 per cent, while the portion exported to the colonies increased from £43,000,000 to £101,000,000, or by 135 per cent. These figures clearly indicate that British exports to the colonies constitute somewhat more than one-third of the total, and that during the last half century there has been but a slight change for the better in the relative value of the colonies to the mother country as a market for her goods.

But while the relative value of the colonies to Great Britain has thus scarcely undergone any change from the standpoint of her total imports and exports, it is still argued that the colonies are of superior importance to Great Britain in that they take from her more than their proportionate share of her produce. That the colonies do take a very disproportionate share cannot be disputed if we compare the per capita consumption of British goods in the leading British colonies with the per capita consumption in the leading foreign countries. Thus in his work on "Colonial Government," Professor Reinsch cites the per capita consumption of British goods in West Australia at \$58.98, in all Australia at \$32.87, in Cape Colony at \$22.52, in New Zealand at \$38.81, in Natal at \$17.97, and in Canada at \$8.39; while the per capita consumption of such goods in the United States, Germany and France stands respectively at only \$1.46, \$2.40 and \$2.52.<sup>12</sup> The same author also points out that "Great Britain enjoys 52 per cent of the trade of British Guiana, 62 per cent in Natal, 44 per cent in Canada (33 per cent of imports and 55 per cent of exports), 69.5 per cent in Australia, and 53 per cent in India;"<sup>13</sup> and concludes that "it has been computed that the per capita consumption of British goods in all the British colonies is \$15.81, while for all non-British countries it is only \$3.64."<sup>14</sup>

With reference to the category of manufactures, as distinct from the total exports, the disproportionate value of the colonies as a market for the mother country is also obvious, since they as compared with the rest of the world take approximately 38 per cent of her total exports of such goods. Yet here we must again note that, while the proportion is very high, the relative value of the colonies in this respect is undergoing but a slight change for the better. Thus during the eleven years 1890-1900 the annual proportion of Great Britain's manufactures sent to the colonies has fluctuated between the close limits of 35 and 38 per cent of her total exports of such produce, though the years 1901 and 1902 do indeed show the high proportion of 42 per cent. Nor has any particular class of colonies taken the lead in becoming a market for British manufactures. On the contrary, the general constancy,

<sup>12</sup> Professor P. S. Reinsch, "Colonial Government," 1902, p. 64.

<sup>13</sup> *Ibid.*, p. 63.

<sup>14</sup> *Ibid.*, p. 64.

noted above, applies to the colonies in general. British India, for example, imported less British manufactures in 1902 than in 1890; and her proportion for the last thirteen years has fluctuated between the narrow limits of 13 and 15 per cent of the United Kingdom's total exports of manufactured or partly manufactured goods. The proportion for the self-governing colonies has, likewise, fluctuated during the years 1890-1900 between the extremes of 15 and 18 per cent, and only in 1901 and 1902 has this proportion risen to 21 and 23 per cent respectively. As regards all the other colonies and possessions of Great Britain, the annual proportion of her manufactures sent there during the last thirteen years has varied between the extremely narrow margins of 5 and 6 per cent of her total exports in this respect.

Turning next to a consideration of the value of the colonies as a source of supply, we shall find that here, under present conditions, the United Kingdom can depend upon them for only a comparatively small part of her total necessary imports. Out of a total importation in 1902 of over £36,000,000 worth of wheat and flour, the British colonies contributed but £8,553,000, or less than one-fourth of the total. The United States alone supplied over 60 per cent of the total, and granting an allowance of one-sixth of this amount for Canadian wheat sent through American ports, it still appears that the United States sent nearly twice as much wheat and wheat flour to the United Kingdom as did all the British possessions combined. So also in the case of barley, oats, maize, rice and rice meal the colonies contributed but £1,658,000 of the total imports of £25,863,000, or slightly more than 6.4 per cent, the remainder coming chiefly from Russia, Roumania, Germany and Argentine Republic. Moreover, in the case of meat and animals for food the colonies furnished £8,737,000 worth in 1902, or only 18.5 per cent of the total imports of £47,089,000. The United States, alone, supplied over 55 per cent of this total, or nearly three times as much as did all the British possessions combined. If we now add to these principal classes of food the other leading kinds of food products, such as fish, butter, eggs, cheese, fruit, vegetables, sugar, tea, etc., we have a total importation of such products into the United Kingdom to the extent of £191,164,000, of which the colonies and possessions supplied but £39,195,000, or one-fifth of the total. To this amount

must be added the sum for raw material sent to Great Britain, which in 1902 amounted to £149,183,000, and to which the colonies contributed £42,335,000, or 28.4 per cent of the total. Combining the value of the raw material with the value of the principal articles of food and drink, the United Kingdom imported in 1902 a total of £340,347,000, of which the colonies furnished but £31,530,000, or less than 24 per cent of the aggregate.

The colonies, as compared with foreign countries, have not appreciably increased in value either as a source of supply or as a market for the mother country, and they are fast becoming independent of her as regards their total international trade. Mr. Ireland in his work on "*Tropical Colonization*"<sup>15</sup> has developed this point very clearly. He shows, for example, that during the forty years 1856-95 the total exports of the British colonies have increased from £73,000,000<sup>16</sup> to £257,000,000,<sup>17</sup> while the value of the portion exported to the United Kingdom during the same period has increased from £41,000,000 to £94,000,000. Thus while the total colonial exports have increased by 252 per cent, the portion exported to the United Kingdom has increased only 129 per cent. Expressed in percentages, the decline in the relative importance of the colonial exports to the United Kingdom as compared with their total exports has been a gradual one of from 57.1 per cent in the period 1856-1859 to only 36.6 per cent in the period 1892-1895.

Again, Mr. Ireland shows that the value of the total imports into the colonies has increased during the period 1856-1895 from £83,000,000<sup>18</sup> to £221,000,000<sup>19</sup> or 166 per cent. The imports from the United Kingdom to the colonies, on the other hand, have increased during the same period from £39,000,000 to £72,000,000, or by less than 85 per cent. In this case, like the preceding one, the ratio of the imports from the United Kingdom to the total imports into the colonies has been a gradually decreasing one of from 46.5 per cent in the period 1856-1859 to 32.4 per cent in the period 1892-1895.

If, now, we add to Mr. Ireland's figures the latest available

<sup>15</sup> Mr. Alleyne Ireland, "*Tropical Colonization*," 1899, pp. 97-99, 100-101.

<sup>16</sup> Annual average for the four years, 1856-59.

<sup>17</sup> Annual average for the four years, 1892-95.

<sup>18</sup> Annual average for the four years, 1856-1859.

<sup>19</sup> Annual average for the four years, 1892-1895.



statistics, namely, those for 1901, we shall find that his conclusions have changed to only a limited degree. For this year the total colonial exports amounted to £240,000,000 and the total colonial imports to £255,000,000. The colonial exports to the United Kingdom, on the other hand, amounted to £106,000,000 in 1901, and the colonial imports from the United Kingdom to £104,000,000. Comparing these figures with Mr. Ireland's corresponding figures for 1856, the following conclusions are reached: (1) That during the period 1856-1901 the total colonial imports have increased by £172,000,000, or over 207 per cent, while the colonial imports from the United Kingdom have increased by £65,000,000, or 166 per cent, and (2) That during this same period the total colonial exports have increased by £181,000,000, or nearly 248 per cent, while the portion exported to the United Kingdom has increased by only £65,000,000, or less than 159 per cent.

*Great Britain's Trade with Foreign Countries.*

In the foregoing pages the discussion has been concerning the trade between Great Britain and her colonial possessions, and there was noted a marked tendency for her to share during the last half century a relatively smaller proportion of their total import and export trade. It now remains to examine briefly into the facts regarding the trade of the United Kingdom with foreign countries, especially with the principal protected countries as distinguished from the unprotected.

Directing attention, then, to a study of the statistical evidence pertaining to this part of Great Britain's foreign trade, one is at once struck by the remarkable change which has occurred in the proportionate distribution of British exports to these respective areas. In 1850, according to the summary presented in the British Board of Trade statistics,<sup>20</sup> the proportions stood fifty-six to protected as opposed to forty-four for other markets. Following 1850, however, the proportion sent to the protected markets steadily declined until in 1902 the position had been reversed, the proportions in that year being only forty-two to protected as opposed to fifty-eight for other markets. Also, with reference to the category of manufactured goods, as distinct from the total exports, the change

<sup>20</sup> "British Board of Trade Statistics on British and Foreign Trade," 1903, p. 16.

since 1850 has been most remarkable. In that year the proportions, as given in the Board of Trade statistics,<sup>21</sup> stood fifty-seven to protected as opposed to forty-three for other markets. In 1902, however, the proportions had been reversed to only thirty-eight for protected as opposed to sixty-two for other markets.

Proceeding next to a more detailed examination of the statistics bearing on this phase of our subject, the following two tables must attract special attention as showing the position of Great Britain's export trade to the principal protected foreign countries.<sup>22</sup>

*Total Exports of British Produce to the Principal Protected Foreign Countries.*<sup>23</sup>

Period.	Average Annual Amount.
1865-1869.....	£81,808,000
1870-1874.....	117,259,000
1875-1879.....	88,494,000
1880-1884.....	99,590,000
1885-1889.....	91,985,000
1890-1894.....	95,032,000
1895-1899.....	94,693,000
1900-1902.....	104,285,000

*Exports of British Manufactured or Partly Manufactured Goods to the Principal Protected Foreign Countries.*

Period.	Average Annual Amount.
1865-1869.....	£71,778,000
1870-1874.....	101,238,000
1875-1879.....	75,979,000
1880-1884.....	84,922,000
1885-1889.....	77,300,000
1890-1894.....	77,075,000
1895-1899.....	74,100,000
1900-1902.....	75,464,000

A glance at the above tables at once reveals a condition of absolute stagnation in Great Britain's export trade, and even of a decline in view of the rapid progress made by other leading nations. Thus, while Great Britain's exportation of manufactures to the principal protected foreign countries has made practically no advance since the period 1870-1874, every one of the

<sup>21</sup> *Ibid.*, p. 16.

<sup>22</sup> By the "Principal Protected Foreign Countries" as given in the British Board of Trade statistics is meant the following list: Russia, Germany, France, Belgium, Holland, Spain, Portugal, Italy, Austria-Hungary, and the United States.

<sup>23</sup> "Memoranda, Statistical Tables, and Charts" prepared in the British Board of Trade on British and Foreign Trade, 1903, p. 20.

seven great industrial nations of the world, with the exception of Italy, has greatly increased the exports of such goods to the British market. Germany, Belgium and Holland,<sup>24</sup> for example, have increased their combined exports of manufactures to the United Kingdom from £37,575,736 in 1890 to £56,528,039 in 1902, or an increase of over 50 per cent. From France such exports to the United Kingdom have increased during the same years from £25,848,006 to £31,071,418, or 20 per cent; in the case of Russia from £2,778,239 to £3,084,804, or over 11 per cent; and in the case of the United States from £10,279,669 to £20,930,627, or an increase of over 100 per cent. In every one of these countries, also, with the exception of Italy, the proportion of the exports of manufactured goods to the total exports to the United Kingdom stood higher in 1902 than in 1890.

But how, on the other hand, has Great Britain fared during the same period as regards her export trade to these industrial nations? The question can be best answered by again citing the facts in each particular case. Germany, Belgium and Holland actually imported £1,777,000 less of British manufactures in 1902 than in 1890. The exports of such goods from the United Kingdom to France, likewise, decreased from £12,537,000 in 1890 to £10,250,000 in 1902, or over 18 per cent; to Italy for the same years from £5,246,000 to £3,578,000, or over 31 per cent; and to the United States from £29,089,000 to £19,468,000, or a decline of over 33 per cent. In Russia, alone, do we find an increase of £1,560,000 during the entire period, yet even in this case there has been a constant decline since 1899 of from £8,030,000 in that year to £6,829,000 in 1902.

Viewing the above statistics in their combined effect, it appears that the average annual exportation of British manufactures to these industrial nations during the last seven years (1896-1902) has actually been less than for the preceding six years (1890-1895) by the sum of £1,901,119. On the contrary, the average annual exportation of British manufactures to the remaining foreign countries has shown an increase of £2,431,071 during the last seven years as compared with the preceding years, 1890-1895. In other words,

<sup>24</sup> Holland and Belgium must be placed in the same list with Germany since much of the trade recorded as between the United Kingdom and Holland and Belgium really represents German trade carried on through the ports of Rotterdam and Antwerp.

the almost absolute constancy which has manifested itself in the exportation of British manufactures to foreign countries must be explained by the absolute decline in the exports of such goods to the industrial nations, a decline which has, however, been compensated by a moderate gain in the neutral markets, and by the exceptionally high exports to the colonies in recent years.

But one other feature in the distribution of Great Britain's export trade as between the industrial nations and the other markets of the world still remains to be noted, namely, the change in the proportion of manufactured exports to the total exports. Since 1850, for example, the percentage of British manufactures to the protected colonies of Canada and Victoria varied from 93 per cent of the total exports in that year to 91 per cent in 1900. India has received practically the same proportion during the entire period 1860-1900; while, as regards the neutral countries and colonies, the proportion has fluctuated from 91 per cent in 1850 to 85 per cent in 1900. In the case, however, of the principal protected countries the change has been considerably greater. In 1850 their imports of Great Britain's manufactures amounted to 96 per cent of her total exports to those countries. By 1860 the proportion had fallen to 90 per cent, and in 1870 to 86 per cent. In the succeeding three decades the proportion fell from 85 per cent in 1880 to 83 per cent in 1890, and as low as 72 per cent in 1900. These percentages clearly indicate that while the industrial nations are sending a larger proportion of their total exports to Great Britain in the form of manufactured goods, they in turn are taking a larger proportion of their imports from Great Britain in the form of raw material for the utilization of their own industries.<sup>25</sup>

#### *Conclusion.*

The results of this discussion of the main features of the foreign trade of the United Kingdom may be summarized as follows:

(1) That the annual imports of the United Kingdom, owing principally to her returns on foreign investments and her remuneration for services, vastly exceed her exports. Moreover, that this annual excess of imports over exports has been large for over half a century and is, on the whole, an increasing one.

<sup>25</sup> "British Board of Trade Statistics on British and Foreign Trade," 1903, p. 17.

(2) That subsequent to the years 1871-1875 the money value of Great Britain's export trade, despite large variations in individual years, shows scarcely any advance until the years 1899 and 1900, when an unusual increase occurred through the influence exerted by the South African War and the Indian Famine. Considering, however, the general decline in prices during the last quarter of a century, the apparent constancy in Great Britain's export trade becomes in reality a substantial increase.

(3) That the United Kingdom is becoming more and more dependent upon the outside world for her supply of food; and that in this connection she must depend upon sources outside of the empire for practically four-fifths of her total imports.

(4) That the proportion of imported manufactured goods to the total imports into the United Kingdom has shown a constant increase, while the proportion of manufactured exports to the total exports from the United Kingdom has, on the other hand, shown a constant decrease.

(5) That, as compared with foreign countries, the colonies and possessions of Great Britain take approximately 38 per cent of her exports of manufactures, and in turn supply approximately one-fifth of her imports of food and somewhat more than one-fourth of her imports of raw material.

(6) That, as compared with foreign countries, the relative value of the colonies to the United Kingdom, either as a source of supply or as a market for her produce, has scarcely undergone any change during nearly the whole of the last half century; also, that the colonies are becoming more and more independent of her as regards their total import and export trade.

(7) That the proportions of Great Britain's export trade to the protected and unprotected markets have been reversed since 1850, and especially so as regards the category of manufactured goods.

(8) That since 1890 the United Kingdom has experienced an absolute loss in her exports of manufactures to the leading industrial nations, a decline which has, however, been compensated by gains in the neutral foreign markets as well as in her colonies. Moreover, these industrial nations, while taking a smaller proportion of their imports from the United Kingdom in the form of manufactured goods, have considerably increased their exports of such goods to her own market.



The above conclusions regarding Great Britain's relative economic position may best be summed up by viewing her situation from two different standpoints, namely, (1) as a capitalist and seafaring nation, and (2) as a manufacturing and exporting nation. From the point of view of the former, Great Britain's supremacy, as may be inferred from her immense and increasing imports, is still unshaken. In fact, her imports amount to 83 per cent of the combined imports of France, Germany and the United States, and in the year 1902 exceeded her exports by the enormous sum of £184,000,000. Over half the tonnage of the world is to-day in the possession of Great Britain; and more than any other country she may also be described as a "creditor and landlord nation" whose financial supremacy, as has been aptly said, "rests on a far broader basis than the territory of England itself; it draws its strength from the entire world."<sup>26</sup>

As a manufacturing and exporting nation, Great Britain also stands far in the lead as regards absolute trade figures. Yet here are noticeable tendencies which, in view of the fact that the United Kingdom's industrial welfare is inextricably bound up with her export trade, must give cause for uneasiness. In the first place, her colonies and possessions are more and more becoming independent of her as regards their international trade. Foreign countries in the year 1900 exported merchandise to the extent of £47,000,000 to the self-governing colonies as opposed to £55,000,000 for the United Kingdom itself, and of this amount approximately 68 per cent consisted of products which the United Kingdom produces, and which in large measure she could be expected to export in competition with foreign countries. Secondly, we have noted an absolute decline in the United Kingdom's exports of manufactured articles to the leading industrial nations, while they in turn have considerably increased their exports of such goods to the British market. Moreover, there has been a reversal in the "proportionate distribution of British exports as between the protected and unprotected markets." After making due allowance for all other causes which may have operated towards such a reversal, we must conclude with the British Board of Trade Memoranda that "there can be no doubt as to the effect of Continental and American tariffs in checking Great Britain's export trade, especially in manu-

<sup>26</sup> Professor P. S. Reinsch, "Colonial Government," 1902, p. 82.

factured articles, with the group of 'protected countries' during the last two decades.'<sup>27</sup> Lastly, Great Britain has permanently lost her monopoly in the manufacturing industry which an early start had given her for many years, and is henceforth obliged to compete with a number of nations whose energy, skill and industrial efficiency have in recent years risen to a level with her own, if not exceeded her in certain cases, and which, while protecting their own markets against Great Britain's manufactures, are constantly seeking a wider market in the neutral countries as well as in the British colonies. It is but a matter of time when Great Britain, if she wishes to hold her own against the combined competition of the leading industrial nations, will either have to face them openly in an attempt to overcome their inroads upon her export trade through superior skill or industrial organization or otherwise be forced over to a policy corresponding to that of her protected rivals. If she decides to choose the latter course, it seems in all probability that she may best avoid the brunt of foreign competition by attracting to herself commercially, through restrictive measures, that vast and choice part of the world which is now bound to her politically.

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<sup>27</sup> "British Board of Trade Statistics on British and Foreign Trade," 1903, p. 16.

## THE DEVELOPMENT OF MR. CHAMBERLAIN'S FISCAL POLICY

One may search diligently through the voluminous periodical literature upon the subject of the present fiscal controversy in England without being at all sure that he understands just what subject is under discussion. Those who range themselves upon the side of the ex-Colonial Secretary dwell upon the peril to England in not having a navy which outnumbers the ships of all the rest of the world in a ratio of five to three; or analyze the foreign trade of the United Kingdom and tremble because the balance is constantly against Great Britain, and because over 50 per cent of the wheat, flour, and meat consumed by her inhabitants is drawn from the United States. They find that, from whatever point they view the situation, a new fiscal policy is necessary; but as for discussion of any specific proposals, there is little of it.

Mr. Chamberlain himself long hesitated to outline any specific policy; it was not feasible to do so before the administration had first been given general powers to negotiate with the colonial and foreign governments, and had had an opportunity in the course of such negotiations to work out a detailed outline. However, in his speech at Glasgow, October 7, 1903, Mr. Chamberlain did give a detailed and specific outline of his policy, though claiming it to be merely provisional and subject at any time to modifications.

He proposed to lay a specific duty of two shillings per quarter upon foreign grain, excepting from this duty maize, which was the food of the very poor of England, and also was the "raw material of the farmer," it being the principal material with which he fattened his swine. To compensate this tax he proposed to place a duty upon wheat flour imported from foreign countries, making it large enough to give to the British miller a "substantial preference;" the object of the latter feature being to re-establish the flour-milling industry of England. He further contemplated an *ad valorem* duty of 5 per cent on foreign meat and dairy produce, excepting bacon, "a popular food with some of the poorest of the population," in order to encourage the production of those commodities in Canada, Australia, and New Zealand. And finally he would possibly place a tax upon foreign fruits and wines in order

to favor the producers of fruits and wines in South Africa and Australia; though this item was more provisional than the others.

To compensate the British consumers for any small burdens which the foregoing taxes might impose upon them, Mr. Chamberlain proposed a reduction of the duties on certain articles which are already on the tariff list. These reductions consist of a remission of four pence per pound of the duty on tea, or 75 per cent; a reduction of 50 per cent of that on sugar, and "corresponding" reductions of the duties on coffee and cocoa.

These proposed reductions were estimated as amounting to four shillings per head of population; while the proposed new taxes would amount to only three shillings, netting a loss to the Exchequer of two million eight hundred thousand sterling. To recoup the treasury for this loss, he proposed to place upon manufactures imported from foreign countries an *average* duty of 10 per cent. This, he estimated, would yield about nine millions sterling and leave a large surplus on the basis of which to make further reductions in existing duties.

In his speech at Birmingham on May 15, 1903, Mr. Chamberlain had unreservedly expressed himself in favor of remitting to the people the whole increase of revenue from his proposed duties on foodstuffs in the form of old-age pensions. But in his more recent speeches he seems to have abandoned that item of his programme.

The objects of this fiscal policy, as expressed or implied in the course of his speeches, are three in number. The first sometimes appears under the name of "retaliation," and just as often under that of "reciprocity." Mr. Chamberlain is careful to disclaim any protectionist sympathies, like Mr. Balfour, "approaching the issue from the free-trade standpoint." But he finds that the protective policies of the other great commercial and industrial nations have rendered actual free trade non-existent; all that Great Britain has to represent it is "free imports." He would therefore place duties upon the principal imports from foreign countries, as a matter of retaliation against them, and in order to place the United Kingdom in position to negotiate reciprocity treaties with those foreign countries. The latter feature, however, does not seem to occupy an important place in his programme.

In this retaliatory programme an exception is to be made in

favor of the British colonies in return for concessions from them in duties placed upon imports from Great Britain. This is part of a scheme of intra-imperial reciprocity, the object of which is to cement the British empire together by developing the commercial relations between its parts. And at the outset of the present fiscal campaign this, rather than retaliation against foreign countries, seemed to be the mark at which Mr. Chamberlain was aiming.

This object, closer union of the empire, is the one in connection with preferential tariffs which is expressly stated by the advocates of the policy. A second object is implied in the course of the argument, namely, a strengthening of the national or imperial defence. The manner in which preferential tariffs are to accomplish this is by rendering the empire less dependent upon foreign sources for its food supply. Everything which the inhabitants of the empire need could be obtained in very considerable quantities from within its own borders if the natural resources were developed. Premier Rollin, of Manitoba, has shown with considerable plausibility that if the present rate at which the western provinces of the Dominion are being peopled and developed continues, Canada can in a very few years furnish the United Kingdom with all the wheat it needs, whereas now Great Britain takes about 50 per cent of the wheat, flour, and meat she consumes from the United States. South Africa, Australia and New Zealand have great possibilities as meat-producing regions, and a preferential tariff which would favor these industries and stimulate the development of Western Canada would, in the view of the fiscal reformers, render the United Kingdom largely independent of the rest of the world for her food supply and greatly add to her security and power in the event of a foreign war.

Finally there remains to be named an object which Mr. Chamberlain would not probably, and in fact does not, admit as being before him in the present controversy, namely, protection. The ex-Colonial Secretary expressly denies the charge of being a protectionist; yet in the fiscal scheme which he has outlined he would give "a substantial preference" to the British flour producer in order to re-establish "one of England's greatest industries;" in his Greenock speech he appealed very effectively to his audience by expressing himself as desirous of restoring to them the sugar industry which had been destroyed through foreign competition. Elsewhere he named, in support of his argument, three industries



which have been destroyed by foreign competition, namely, sugar, which was alluded to above, agriculture, and silk manufacture. The tin-plate industry lost its valuable American market after the United States placed its protective duty around the manufacture of tin plate within its own borders. The American practice of "dumping" its surplus iron and steel manufactures on the English market has seriously threatened the iron trade of the United Kingdom. The implication in these appeals seems protective; and indeed, in his contemplated duties of 10 per cent on imported manufactures, Mr. Chamberlain might be, and has been accused of slipping into his programme a moderately protective feature under the guise of a compensation to the treasury for reductions of other taxes. Although he claims that his purpose in this is ultimately to bring about a nearer approach to actual free trade, he nevertheless seems friendly to the protective idea, going so far as to cite the great progress of Germany and the United States under high protective systems as indicating a fallacy in the Cobden doctrines of free trade.

The objects which Mr. Chamberlain has in view, then, are: nominally, retaliation or reciprocity, strengthening of the imperial defence, a closer union of the empire, and seemingly, at least, protection to British manufacturers. These ideas of imperial defence, imperial federation, protection to British manufactures, or, as it is customary to put it, England's relative industrial decline,—and the means of treating these phenomena, preferential tariffs within the empire,—are intimately associated in all discussions of the present situation. The desirability of preserving the integrity of the empire is generally assumed, and then it is shown that from whichever of the remaining ideas we set out, preferential treatment of the British colonies necessarily results.

Thus, if we start from the standpoint of retaliation against foreign countries, or of protection, we must make an exception in favor of the colonies in order to keep the empire from disintegrating. One writer, beginning with a discussion of imperial defence as a basis, shows that the rapidly increasing burden of military and naval expenditures will necessitate a revolution in the fiscal policy of the United Kingdom; the income tax cannot be made to yield the additional revenue needed; indeed, the present high rate, which is a war measure, cannot hope to be maintained in time of peace; the remaining taxes and customs cannot be made to yield a material

increase in revenue. The necessary result will be the imposition of new taxes, and these, it is assumed, will be somewhat protective in their nature. Thus the writer arrives at the idea of protection. And as before, it is assumed that an exception must be made in favor of the colonies, lest the empire disintegrate, and the necessity of preferential tariffs is shown.

Indeed, these questions of imperial federation, imperial defence, etc., have been intimately associated with one another and with that of preferential arrangements within the empire almost from the beginning. Great Britain's industrial decline is, for the most part, a new subject; yet even as early as 1887, Mr. Hofmeyr, of South Africa, cited this very matter of the decline of British exports as an argument in favor of an imperial customs arrangement; while imperial defence, or imperial federation in its broader sense, has ever been the excuse of the colonists for clamoring for a preference for their products in the markets of Great Britain.

To trace the development of the present fiscal policy we may use as a starting-point the colonial philosophy which ruled during the early and middle part of the last century. The revolt of the American colonies, coupled with the spirit of liberalism which pervaded the political philosophy of the time, induced an attitude of indifference, and indeed of pessimism, toward dependencies. It was believed that in the natural course of events the colonies would one by one sever their political relations with the empire, and become independent states; and the insistent demands of the Australasian colonies for complete local autonomy seemed to substantiate this view. In 1841 Lewis published his work on Government in Dependencies, and in this he found that the chief advantages arising from the relationship of sovereign state and dependency were on the side of the dependency, and that even these survived only during the youth of the dependency. Hence Great Britain was not only to expect that her colonies would ultimately become independent, but was to look forward with favor to the accomplishment of this end, as relieving the mother country of a part of her burdens.

This philosophy largely prevailed down till the middle of the eighties; it was this philosophy which induced Mr. Disraeli to refer to the colonies as "millstones about the neck of England;" and it has been asserted that this philosophy, with which Mr. Glad-

stone seems to have been thoroughly imbued, rather than the Boer success at Majuba Hill, gave to the South African Republic its independence in 1881. And even as late as 1894, and indeed at the present time, we find writers who confidently assert that the prosperity and safety of both the United Kingdom and the colonies is to be gained through the complete independence of the latter rather than in a closer federation.

But this early attitude toward colonial possessions has been gradually reversed. In 1854 Mr. Joseph Howe delivered before the Nova Scotia Legislature an address in which he took vital issue with the orthodox colonial philosophy of his time.<sup>1</sup> This was the time when the "Separatist" movement was seemingly especially strong because of the clamors of the colonies for local autonomy. Joseph Howe was instrumental in this movement; but he favored it, not as a step toward complete separation, but "toward a closer and more satisfactory federation of the empire." And this may be said to mark the beginning of the present "imperialistic" movement.

In 1883 Seeley published his "Expansion of England," and instead of descanting upon the disadvantages of colonies, he dwelt rather upon the things which Great Britain had accomplished, and even grew eloquent upon the subject of the glories of the empire. This is significant in that it seems to have made considerable impression upon the English people of the day.

By 1884 the imperial idea seems to have gained a strong, though by no means preponderating hold upon the colonists, and a considerable following in the mother country as well. In that year was formed the Imperial Federation League, of which the late W. E. Foster was the first president. The purpose of its organization was "To arouse interest in the general idea of imperial federation, to discussing its feasibility, to advocate periodical conventions of colonial representatives, and to promulgating the suggestion that the colonies should assume part of the burdens of imperial expenditure, and thus give some return for the benefits received."<sup>2</sup> The idea back of it was, that the constitutional arrangement under which the empire was then governed could not

<sup>1</sup> Parkin, "Imperial Federation," pp. 71-72. This was published in 1866, in a collection of speeches under the title of "Organization of the Empire."

<sup>2</sup> P. S. Reinsch, "Colonial Government" p. 260.

be permanent if the empire was to be united; that the resources of the empire should be combined for the common defence, and that all parts to bear the burden should have a voice in the control of imperial expenditures.<sup>3</sup>

The Imperial Federation League held annual dinners, at which these various subjects were discussed; but it never took any definite position in regard to any of them, except to recommend that colonial conferences like that of 1887 should be held at frequent intervals; its function was to discuss and promote discussion rather than to recommend. It was dissolved in 1893, and in 1895 its place was taken by a new organization, the British Empire League.<sup>4</sup>

The idea of imperial unity has developed more rapidly since the colonial conference of 1887. A kindly feeling toward the colonies had been induced by the small but voluntary assistance rendered by New South Wales in the difficulties which culminated in the fall of Khartoum; and the colonies were called to a conference at the time of the Queen's Jubilee of 1887. At this conference the subject of British preference to colonial products, which seems by that time to have pushed itself toward the front, was expressly withheld from discussion; but one of the colonial premiers hit upon the happy idea of discussing "preference" or reciprocity only as it applied to intercolonial relations.

Sir Samuel Griffith, Premier of Queensland, who introduced the subject before the conference, expressed himself as not being sanguine of any immediate success, but thought that "an airing of the question might result in future good." He expected no favor from Great Britain. "The principle dear to English hearts of buying in the cheapest and selling in the dearest market, would render any immediate results improbable." Notwithstanding this, he thought that the closer union of the empire was a thing to be desired; and to attain that end he made the immediate proposal "that any country in the empire which should impose duties on imports should give to commodities coming from British possessions a preference over those from foreign countries."<sup>5</sup>

The Cape delegates, headed by Mr. Hofmeyr, had proposed, among others, this subject for discussion: "The feasibility of promoting closer union between the various parts of the British empire

<sup>3</sup> T. A. Brassey, "Nineteenth Century," vol. 50, pp. 190 *et seq.*

<sup>4</sup> P. S. Reinsch, "Colonial Government," p. 261.

<sup>5</sup> English Bluebooks, 1887, "Accounts and Papers," LVI, p. 1 *et seq.*

by means of an imperial customs tariff, the revenue derived from such tariff to be devoted to the general defence of the empire." Mr. Hofmeyr, who followed the lead opened by Sir Samuel Griffith, proposed that for the purpose of raising revenue for imperial defence, a general tariff of possibly 2 per cent should be levied on all goods coming into the empire; this was not to supplant the tariff arrangements then existing in the several parts of the empire, but was to be additional to them, thus constituting in effect a preferential arrangement within the British empire.

His first object was to promote the union of the empire. The natural consequence of the dispersion of the empire was the development of local interests, which in turn gave rise to disintegrating tendencies. This was exemplified in the British West Indies, where had grown up a strong sentiment in favor of annexation to the United States in order to secure a market for their sugar; the temptations of Canada to enter into a commercial and possibly a political union with the United States was also an illustration of this point; in fact, the Imperial Federation League of Canada was formed for the express purpose of preventing the Dominion government from accepting from the United States certain propositions concerning a customs union between the two countries, which were regarded as an ingenious trick, the purpose of which was to eventually bring Canada into the American Union. It was Hofmeyr's aim, by removing such temptations, to counteract the disintegrating tendencies in the empire. His second object was to bring about a more satisfactory arrangement in regard to imperial defence. Up to that time only Australia had agreed to contribute anything to the expenses of the imperial navy, and this contribution was insignificant, amounting only to ninety odd thousand sterling a year.

Although the comments on this proposition were in large part favorable, no resolutions were passed. In so far as the material results of this, and indeed of the following conference, are concerned, these are accurately stated by Lord Knutsford, then Colonial Secretary, in his Jespach. "The conference," wrote he, "has been productive of the greatest good, in the opportunities which it has afforded for the interchange of information."

During the years following this conference, the idea of preferential tariffs seems to have gained supporters rapidly, especially in Canada, where Sir Charles Tupper and George T. Dennison have



been active in agitating the matter. The former supported the idea at the annual dinner of the Imperial Federation League in 1889; the United Trade Empire League was formed for the purpose of advocating the promotion of intra-imperial trade by means of "a moderate fence around the empire." This organization, in 1892, numbered five thousand members, three hundred of whom were members of imperial or colonial parliaments.<sup>6</sup> The idea was commended by the resolutions of the Associated Chambers of Commerce at Dublin in 1891; by motion of the Dominion House of Commons on April 25, 1892; and in June, 1892, by a session of the United Trade Empire League, at which were representatives from Great Britain, South Africa, Canada and the Australasian colonies, and at which "no discordant note was heard."<sup>7</sup>

The question of preferential tariffs within the empire took first place in the discussions of the Second Congress of the Chambers of Commerce of the empire in June, 1892. The first two resolutions dealt respectively with the expediency of closer union of the parts of the empire and with free trade as a basis for promoting this. Mr. G. W. Medley, of the London Chamber of Commerce, then offered a resolution, rejecting the idea of preferential duties based on protection as "politically dangerous and economically disastrous," and recommending to the colonies that, as far as circumstances would permit, they should adopt the non-protective policy of the mother country.

To this Sir Charles Tupper offered an amendment, recommending a small differential duty, not exceeding 5 per cent, to be adopted by the imperial and colonial governments, in favor of certain productions and against foreign imported articles. The debate waxed hot for two days, when the amendment was finally defeated and the original motion carried by a vote of fifty-five to thirty-three, Australasia and South Africa voting against the amendment. In view of the declarations of prominent leaders of the Australasian governments, and of their important trades bodies, this attitude was unexpected. Sir Samuel Griffith, Premier of Queensland; James Service, of Victoria, and his successor, Alfred Deakin; Sir John Downes, of South Australia; Sir William Fitzherbert, of New Zealand, and the Hon. Mr. Dibbs, Premier of

<sup>6</sup> Sir Charles Tupper, "Fortnightly Review," vol. 58, p. 137.

<sup>7</sup> Ibid., "Fortnightly," 58, p. 138.

New South Wales, as well as the Chambers of Commerce of Canterbury, New Zealand, Hamilton and Cape Town, had all placed themselves on record as favoring preferential tariffs.<sup>8</sup> This was the last free-trade resolution to be offered at any congress of the Chambers of Commerce or any colonial conference.

The second colonial conference met at Ottawa in 1894, all the above-named parts of the empire again being represented. The discussions impress one as being largely a repetition of those of 1887. The subject of preferential tariffs took the lead in the discussions, and "what we might call the theoretical view of free trade—almost the utopian idea of trade—was expressed side by side with those from the colonies, which were already feeling the stress of foreign protective tariffs. The wish of some of the delegates was that the colonies should be allowed a free hand in making commercial treaties and even without the empire."<sup>9</sup>

The resolutions emphasized the advisability of permitting the colonies to enter into agreements of commercial reciprocity, including the power of making differential tariffs within the empire, and recommended to Great Britain that she should cancel certain foreign treaties which obstructed this arrangement. They emphasized the importance of "mutual and profitable commerce" as a means of binding the parts of the empire together, and finally resolved, (1) in favor of a customs arrangement between Great Britain and her colonies, creating preferences; (2) that until the mother country could see her way clear to entering into such an arrangement, it was desirable that the colonies should enter into such arrangements with one another; (3) that the South African Customs Union "should be considered as part of the territory capable of being brought within the scope of the contemplated trade arrangements."<sup>10</sup>

So far as actual results, other than promoting a discussion of the subjects therein raised, this conference had the same amount of success as did the preceding. Lord Jersey, who could not see any likelihood of a favorable reception of the preferential idea in England, delivered an address which was calculated to allay any false hopes which might have arisen in the breasts of the premiers;

<sup>8</sup> Sir Charles Tupper, "Fortnightly," 58, 137 *et seq.*

<sup>9</sup> J. Van Sommer, "Magazine of Commerce," September, 1903, p. 178.

<sup>10</sup> English Bluebooks, 1894, "Accounts and Papers," LVI, pp. 337 *et seq.*

Lord Ripon, in his despatch, adopted the same attitude, and nothing came of the conference.

In the sessions of the Congress of the Chambers of Commerce in 1896 and 1900, and the Colonial Conference of 1897, there was nothing much new except Mr. Chamberlain and the language in which the resolutions were couched. Mr. Chamberlain, who came into the Colonial Secretaryship in 1895 and who represented the British government at the Congress of the Chambers of Commerce at London in 1896, has been pre-eminently the apostle of imperial federation; yet in 1896 he discouraged all attempts to get preferential customs treatment from Great Britain, saying:

"I pass on now to a proposal which found expression at the great Congress [of Chambers of Commerce] of Ottawa, and which was that we should abandon our trade system in favor of the colonial system. It is in effect that we should be expected to change our whole system and to impose duties on food and raw material. There is not the slightest chance that in any reasonable time such an agreement would be adopted. The foreign trade of this country is so large, and the foreign trade of the colonies is comparatively so small, that a small preference given to us upon that foreign trade would make so slight a difference, and would be so slight a benefit, to the total volume of our foreign trade that I do not believe the working classes of this country would consent to make a revolutionary change for what they think would be an infinitesimal gain. We have, therefore, if we are to make progress, to seek a third course, and I admit, if I understand it correctly, I find the germs of such a proposal in a resolution to be submitted to you on behalf of the Toronto Board of Trade. That resolution I understand to be one for the creation of a British Customs Union."<sup>11</sup>

This resolution, introduced by the Toronto Board of Trade, and dealing with such practical subjects as the building of the Canadian Pacific Railway, the establishment by Canada of steamship connection with Hong Kong, New Zealand and Australia, the subsidy of a fast Atlantic steamship service, and the hastening of postal, wire and cable communications with different portions of the empire, was to this effect:

"*Resolved*, that in the opinion of this Congress, the advantages to be obtained by a closer union between the various portions of the empire are so great as to justify an arrangement as nearly as possible of the nature of a zollverein, based upon the principles of the freest exchange of commodities within the empire consistent with the tariff requirements incident

<sup>11</sup> "Magazine of Commerce," September, 1903, p. 179.

to the maintenance of the local governments of each kingdom, dominion, province, or colony now forming part of the British family of nations."<sup>12</sup>

This resolution, which was given precedence in the debates, was amended so as to favor "a customs union between Great Britain and her colonies on the basis of 'preferential treatment;'" but as finally amended it "went no further than asking Her Majesty's government to take into consideration the formation of some practical plan for the establishment of closer commercial relations."<sup>13</sup>

Before the Third Colonial Conference, which met at the time of the Queen's Jubilee in 1897, Mr. Chamberlain proposed the formation of an Imperial Council, to which the government of each part of the empire should send an official representative. This proposal the colonial premiers flatly rejected, expressing themselves, by resolution, as being of the opinion "that the present political relations of the colonies to the mother country were entirely satisfactory;" Mr. Seddon and Sir E. N. C. Braddon raised the only dissenting voices. On commercial subjects, however, they were not so entirely satisfied; and they recommended by resolution, firstly, the denunciation by Great Britain of any foreign treaties then hampering her relations to her colonies; secondly, the premiers undertook to secure from their respective governments a preference to the products of the United Kingdom.

Later Canada did offer the United Kingdom a preference of 25 per cent of her import duties; this offer the British government accepted, and in return therefor denounced, in 1898, the commercial treaties with Germany and Belgium. Canada later increased her preference to 33 $\frac{1}{3}$  per cent, and she also took the West Indian sugar industry under her protecting wing. No other tangible results came.

The fourth Congress of the Chambers of Commerce, in June, 1900, deserves mention only as producing a reaffirmation of its previously assumed position regarding the desirability and necessity of adopting a policy based on the principle of "mutual benefit," whereby each component part of the empire would receive a substantial advantage in trade as a result of its national relationship.<sup>14</sup>

<sup>12</sup> J. Van Sommer, "Magazine of Commerce," September, 1903, p. 180.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid, p. 181.

The last conference of the colonial premiers was held in London, in June, 1902. Mr. Chamberlain called this conference for the purpose of discussing the political relations between the mother country and the colonies, imperial defence, and the commercial relations of the empire.<sup>15</sup> As Mr. Vince, Mr. Chamberlain's "right bower," states the case, the project of federation based on the idea of free trade within the empire was placed before the premiers.<sup>16</sup> A writer in *The Nation* of July, 1902, represented the discussion of the first point, the political relations, as then progressing with a marked reticence on both sides towards making any specific proposals.<sup>17</sup> The premiers were reticent because they did not feel any pressing need for discussing the matter then. As they had expressed themselves in 1897, they were satisfied with present arrangements, and had no propositions to submit. Consequently they merely leaned back and asked Mr. Chamberlain what he had to offer. He, likewise, had formulated the subject only in a general outline, and not in any specific form.

The resolutions which were passed were in substance as follows:

1. They recognized that preferential trading between the parts of the empire would stimulate and facilitate mutual commercial intercourse, and by promoting the development of the resources and industries of the several parts, strengthen the empire.
2. That in the present circumstances, a general system of free trade between the parts of the empire was not practicable.
3. But to promote an increasing trade within the empire, it was desirable that the colonies should, as far as circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.
4. The premiers urged upon the government of the United Kingdom the expediency of granting preferential treatment to the products and manufactures of the colonies, either by exemption from or reduction of duties then or thereafter imposed.
5. The premiers undertook to submit to their respective governments at the earliest opportunity, the principle of these resolutions, and to request them to take such measures as might be necessary to give effect to it.

The attitude of the premiers toward the subject of political relations may be judged by the fact that the subject was not even

<sup>15</sup> "Review of Reviews," 26, p. 353.

<sup>16</sup> Vince, "Mr. Chamberlain's Proposals,"

<sup>17</sup> "The Nation," 75, '06.



mentioned in their resolutions. In the second resolution they decisively reject Mr. Chamberlain's proposition of intra-imperial free trade; while the remaining three resolutions are in substance mere repetitions of those of the two preceding conferences, and quite plainly indicate that what the premiers want is an advantage for colonial products in the markets of the mother country; for the attainment of this end they are willing to grant to the mother country some small advantages in their own markets. They did not feel themselves justified in going to the full length of declaring for absolute free trade within the empire, because they felt that the immediate removal of all protective duties would greatly injure the capital which has already been invested in the protected industries of the colonies. The approach to free trade must be gradual in order that these interests might have sufficient time to adjust themselves to the anticipated new conditions.

The recent Congress of the Chambers of Commerce which met in London during August of this year need not hold our attention. Although the discussion lasted for a number of days, the resolutions as finally adopted were the same in essence and almost identical in language with those of the preceding congress in 1900.

Several inferences may be drawn from this somewhat lengthy recital of history. The first is, that the subjects of federation, defence, and preferential tariffs are not new, but have been before the attention of the outlying portions of the empire for many years. Secondly, that the colonists do not in the main desire complete separation from the empire; thirdly, that they do not at present desire any closer political union of the parts of the empire than now exists, and consequently any process of cementing the parts of the empire more firmly together is not likely to proceed along this line; the colonists do not look with complacency or favor upon any prospective change in political relations which is likely in any way to deprive them of their present measure of local autonomy. Fourthly, that the colonies, in so far as the expressions of their premiers and trades bodies form an indication of their wishes, do desire closer trade relations with one another, and especially the mother country; and that the means they have in view by which to attain these consist in most part of a customs arrangement within the empire, by which the products and manufactures of each part shall have, in the markets of every other part, an advan-

tage over similar commodities coming from foreign countries. In other words, they want "preferential tariffs."

The work so far has, comparatively speaking, been easy. But when we attempt to ascertain Mr. Chamberlain's reasons for forcing this subject before the attention of the British electorate at the present moment, the task becomes more difficult. Mind-reading is never an easy task for the uninitiated, and when the subject is so astute a politician as is Mr. Chamberlain, it is especially difficult.

It might be said that the action of the colonial premiers in rejecting his free-trade proposition and in undertaking to persuade their governments to take immediate steps toward the adoption of a "preferential" tariff system has in a measure morally forced him into this step. He has posed pre-eminently as the apostle of imperial federation and the friend of the colonies, and when they refused all his other overtures, nothing remained to him but the present step; yet twice before the colonial premiers have undertaken to accomplish the same task, and no one in Great Britain felt himself morally forced to do anything.

Indeed it is probable that not one circumstance, but, for Mr. Chamberlain, a happy combination of circumstances, induced him to open the campaign at the present time. The Balfour Ministry was without an issue, and felt to be on the verge of dissolution; and it is conceivable that Mr. Chamberlain would not be averse to the premiership if it were urged upon him. Great Britain's export trade had been at a standstill for many years, and the exports of manufactures to the principal strongholds of protection had been falling off. The manufacturers had for many years endured the increasing strain of foreign competition, and were being more and more pinched by it, until they were ready for measures of relief; in fact, when the country was about ready for a change to a protective basis the insistent demands of the colonies for a preference in the markets of Great Britain served as a convenient handle by which to pull in the protective system under a less offensive name. But if Mr. Chamberlain remained in the Balfour Ministry, and this should go before the electorate with protection, or as Mr. Balfour terms it, "retaliation," as an issue and he be returned to office, the chances were good that not Mr. Chamberlain, but Mr. Balfour, would reap the benefit.

As to the ex-Colonial Secretary's chance of success in the

present campaign, any prediction at the present moment must be too conjectural to be worthy of much consideration. The Balfour Ministry is not yet before the electorate, and it is difficult to foresee every turn which may be given the issue. Mr. Chamberlain and his fiscal scheme are apparently received with much enthusiasm wherever he goes; but so are his chief opponents, and in the very same places. The Conservative organizations at Birmingham, Greenock, Newcastle, and Glasgow adopted resolutions commending Mr. Chamberlain's fiscal policy. But a few days later a trades body in Birmingham condemned his whole scheme, expressing themselves as not desirous of exchanging cheap food for old-age pensions. Mr. John A. Hobson, who has traveled all over the United Kingdom interviewing the captains and managers of industry, found scarcely a manufacturer of importance in all Great Britain who was not in favor of protection and Mr. Chamberlain. This augurs success for the ex-Colonial Secretary, but no one will be able to tell the result until it has happened.

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## FOREIGN RAILWAY EVENTS IN 1902-03

The newer and more remote parts of the world in which industrial and commercial life is relatively little developed naturally constitute the field in which the problems of railway construction and development are among the leading questions of the day. The greater part of Africa, Asia, Australasia and South America lie in this field, to which parts of Continental Europe, North and Central America may be added. In countries like England, Germany, France and the United States, where railway development is practically complete, at least so far as main lines are concerned, the railway problem is primarily an administrative problem, involving the more perfect adjustment of the various interests in the matter of service and rates, and the establishment and maintenance of a more rational *modus vivendi* among the different carriers. In the former group of countries, financial, political and military considerations predominate, while in the latter these are generally subordinated to social and economic interests, although in a certain sense economic and social interests may be said to exercise a controlling influence over transportation affairs in all parts of the world.

Last year's railway developments in Africa illustrate the co-existence of all these classes of interests: social and economic, in employing the railways in the restoration of the territory devastated by war, and in developing the mineral and agricultural resources of both coast and inland regions; political and military, in the order in which original construction, extensions and improvements have been planned; financial, in the importance attached to the manner in which the necessary funds have been raised, and the control of railway financiering in general; administrative, in the changes in railway management and in the readjustment of relations among the different South African systems. During Colonial Secretary Chamberlain's visit in South Africa, few, if any, subjects received more frequent mention than the railway question. The clamor for lower railway rates as a means of reducing the excessive cost of living became irresistible. It was asserted that it cost less to transport certain commodities from North America over 1,500 miles of railway and thence by sea to

Delagoa Bay, than from Delagoa Bay to Johannesburg, a distance of 396 miles. At a banquet given in honor of Secretary Chamberlain at Ladysmith, the governor of Natal, in a powerful speech, admitted the necessity of a readjustment of the relations among the different South African systems with the view of lowering rates, and recommended the appointment of a non-partisan commission to consider the questions brought forward by him. On a similar occasion at Bloemfontein, it was officially announced that in order to allay the fears regarding the deflection of traffic from one colony to another as a result of contemplated extensions, the earnings of the Transvaal and Cape Colony railways should be pooled. The unsettled and unsatisfactory condition of South African railway affairs is largely due to the conflicting interests of the different colonies with respect to local and through traffic. The reported appropriation for railway purposes of \$65,000,000 out of the Transvaal loan, authorized by Parliament early in May, is expected to remove many of the existing intercolonial railway difficulties. The Bloemfontein conference recommended that all private contracts reserve to the government the right of expropriation of all railway property, control of the cost of construction and the profits of contractors, and the regulation of rates.

A request for a grant of £600,000 additional for the completion of the Uganda railway, bringing the total up to £5,500,000, or about £9,500 per mile, was the occasion of sharp debates in both Houses of the British Parliament during December and January. The Uganda railway extends from Mombasa on the Indian Ocean, about 4° south of the equator, to Port Florence on Lake Victoria Nyanza, a little north of the equator. The entire line of 584 miles thus extends through a tropical belt, the greater part of which is said to be infested with malaria. Members of Parliament charged the government with extravagance and inefficiency, and demanded an explanation of the rejection of bids of private contractors offering to construct the railway at one-half the amount expended by the government. The government justified the situation on the ground of unfavorable climatic conditions, excessive rains, scarcity of coal, and the importation of labor from India. Furthermore, other powers were moving in the direction of Uganda, and the future possibilities of the British East African protectorate, it was argued, amply justify



the government's policy. Since then the Uganda railway has been opened for traffic and the reported earnings amount to £3 per mile per week. There are two through passenger trains weekly, connecting with two steamers built at Paisley, but erected on the shores of Victoria Nyanza, and capable of carrying 12 first-class and 100 deck passengers. Potatoes, which were formerly imported into South Africa from Central America and Portugal, are being shipped there now at the rate of 40 to 50 tons per month from the territory served by the Uganda railway. The cost of transportation has been reduced along this route from 7s. 6d. per ton-mile, being the old caravan rate, to 2½d. per ton-mile by rail. However, the government will probably be obliged to meet a deficit for some years to come, on account of its Uganda enterprise.

Before the close of 1903 the South African Chartered Company will have expended £2,000,000 for railway purposes, one-half for the completion of the line from Buluwayo to Victoria Falls, including a fine steel bridge over the Zambesi, and the construction of three branch lines varying in length from 25 to 100 miles in contiguous territory. The other £1,000,000 are to be devoted to a continuation of the Cape to Cairo railway from Victoria Falls northward to the great bend in the Kafu River, a branch of the Zambesi, where valuable deposits of copper and lead have been discovered. The supreme grandeur of Victoria Falls is destined to make it a rival of Niagara in attracting tourists, a fact of which the interested railway authorities have by no means been unmindful. In the official report of his recent trip through Rhodesia, the secretary of the Chartered Company, after comparing the 2,193 miles of railway in Rhodesia with the 612 of Natal, 442 of Orange River, 895 of the Transvaal and 2,396 of Cape Colony, remarks that these "facts lead him irresistibly to the conclusion that a new era in the history of Rhodesia has already commenced. The railways have more than fulfilled my most sanguine expectations, and their future is assured."

The British Gold Coast railway through Ashanti, with its route through a tropical belt between 4° and 8° north latitude, is being constructed at the rate of 6 to 7 miles per month. This road will be 126 miles in length with a gauge of 3 feet 6 inches, which is the "standard South African gauge." The contractors

at first had difficulty in securing the necessary labor, but since they have won the confidence of the natives they have experienced little difficulty in keeping up a force of laborers numbering 15,000, whom they pay about 30 cents a day.

The labor question has reached an acute stage in all parts of Africa. Lord Milner has asked for permission to import 10,000 Indians, to be employed exclusively in railway construction and to be repatriated at the end of ten years. The limitations regarding employment and repatriation are intended to overcome a deep-seated opposition to "Asiatics" in South Africa. Secretary Chamberlain expressed himself (July, 1903) as unwilling to grant Lord Milner's request until he could be assured of strong local support in the undertaking. At a notable Boer conference during midsummer, attended by representatives of all classes, General Botha expressed the conviction that the labor supply of the country was inadequate for its agricultural and industrial development, and that it might become necessary to resort to the importation of Asiatics.

While the British have done most to develop railways in Africa, other nations have not been inactive. During the first quarter of 1903 the German Reichstag appropriated 750,000 marks for the continuation of the Usambara line from Korogwe to Mombo, in German East Africa. One member of the Reichstag spoke in favor of the bill because he feared aggressive competition on the part of the Uganda railway, the eastern terminus of which is only 100 miles north from that of the Usambara line; another, because the railway would open up other parts of Usambara territory to agriculture and planting; and a third member favored the appropriation because he regarded the railway in the light of an experiment which would prove whether the colony really had any value. Traffic on this road has been ridiculously light. The estimated receipts for 1903 are 156,700 marks, against expenditures amounting to 346,682 marks, or a deficit of 189,982 marks. The number of colored passengers has been ten times the number of whites, and the amount of paying freight one-eleventh of the free freight in the form of materials for construction and government supplies.

The governor of German Southwest Africa reports that the most important question in the protectorate under his charge is

that of railway construction, and that railways must precede, not follow, economic development in the colonies, a principle which railway pioneers in the United States and Australia have long recognized. In October, 1899, the German government and the British South African Company entered into a treaty for the construction of a railway connecting the Rhodesia main line with the west coast, and more recently the Otavi Mines and Railway Company has projected extensions without which, the German governor says, the copper mines and marble quarries cannot be worked.

Late in 1902 an English syndicate secured the contract for the construction of a railway through Portuguese West African possessions, beginning at Benguella on the coast in latitude  $13^{\circ}$  south and extending eastward about 870 miles. In Portuguese East Africa the government has decided to build a new line which will open up new coal fields and reduce the present shortest distance of 396 miles between the coast and Johannesburg by way of Pretoria by 60 miles. The next shortest route is from Durban, 483½ miles, followed by the route from East London with 688 miles, from Port Elizabeth 715 miles, and, finally, from Cape Town 1,015 miles.

On January 1, 1903, the Imperial Ethiopian railway was opened as far as Adis Harrar, 308 kilometers from the French port of Jibuti. This is still 500 kilometers distant from the final terminus at Adis Abeba, the capital of Abyssinia, a charter for all of which was granted by King Menelek as early as 1894. While the Italian invasion interrupted the work, it called attention to the "great potentialities" of the country, and in February, 1901, the government of French Somaliland granted the Ethiopian company an annual subsidy of £20,000 for fifty years. Various opinions are current with respect to the ultimate economic success of the enterprise. A correspondent of the *London Times*, who passed over the route in the spring of 1903, describes the territory traversed by the line as "endless expanses of stones, of every form and shape and color, gorges without water or verdure, vast plains covered with scrub and thorns, but neither trees, nor crops, nor villages, nor signs of animal life, or, indeed, of permanent insect life other than the innumerable ant-hills." King Menelek has also promised Lord Cromer permission to connect the Soudan with Uganda by means of a railway through Abyssinian territory;

and plans for the construction of a line from Khartoum to the Red Sea, via Suakim, following the caravan routes, have been elaborated by Lord Cromer and the Sirdar.

Belgian authorities have sent engineers to Congo State to do preliminary work on a line from Lake Kisali toward the Rhodesian frontier to connect with one of the Cape lines.

It will thus be seen that in all parts of Africa the railway is wresting ground from the caravan and cart. Live calves carried 175 miles in sacks hung over the backs of mules; the camel and the donkey and the two-wheeled cart as active competitors for freight and passenger traffic will soon be things of the past. The Cape to Cairo railway, like the mid-rib of a leaf, joined with numerous east and westward branches terminating in its ocean margin, will soon carry over the whole of the once Dark Continent the life of modern civilization and build up empires of wealth and culture.

No single enterprise has in recent years achieved greater international importance than the Bagdad or Anatolian railway. The first 90 miles of this gigantic project of 1,500 miles of railway between the Sea of Marmora and the Persian Gulf were constructed by the Turkish government during the seventies of the past century. In 1888 a German syndicate purchased the lines as far as Ismid, and secured a charter for its extension. During the next four years the line was extended to Angora, the seat of the Galatians, to whom St. Paul addressed his epistle. In 1896 the main line was opened for traffic to Konia, and on July 27, 1903, construction was resumed on the succeeding section from Konia to Ereglia—the entire route being divided into sections of about 200 kilometers each. Thus far the Germans have borne by far the greater part of the financial burden, although French capitalists have lent substantial aid. In their attempts to interest English and other capitalists the Germans have met with unexpected opposition. Early in 1903 the British Prime Minister stated in Parliament, in reply to questions, that no formal communications between the British and foreign governments had taken place, although the subject had been referred to in two brief conversations, one with the French, and the other with the German Ambassador, about a year ago. So far as he knew, Mr. Balfour said, these had had no “results,” nor had these conversations exercised any influence. The remarks of the Prime Minis-

ter called forth a debate of some length in the House of Commons, in which the Bagdad railway was represented as distinctly a German enterprise which would injure existing English railways, and, in general, threaten English supremacy in the Persian Gulf. Led by the *London Times*, English public opinion gradually veered from an attitude of solicitude for investment opportunities to doubt concerning the whole project, terminating in strenuous opposition to it. Conflicting reports were circulated regarding the relative amounts of stock to be allotted to the different nationalities. Earlier reports gave France and Germany 40 per cent each, leaving 20 per cent for all others; later it was said that England, France and Germany were to receive 30 per cent each and all others together only 10 per cent. Meanwhile the *Times* continued its opposition, with the result that English capital was made to feel that under no circumstances could it participate in a project so prejudicial to legitimate British interests. England was displeased because the head of the Deutsche Bank was elected president, and the director of the Ottoman (French) Bank vice-president of the Bagdad Railway Company. Provisions of the concession were quoted to demonstrate the dominating influence of the German and French. At Constantinople, it was related, the *London Times* and *Punch* had been superseded by *Die Fliegende Blätter* and the *Kolonische Kreuzzeitung* in reading-rooms and hotels. French participation was explained on selfish grounds, for her two railways in Asia Minor would be greatly benefited through connection with the Bagdad line. Russia, in the words of M. Witte, regarded the project as a "serious affair, to which the attention of all Europe ought to be directed," and maintained an apathetic and even hostile attitude. "If French savings are engulfed in this bottomless pit," M. Witte is reported to have said to the manager of *La Patrie* of Paris, "if thousands of subscribers are ruined, Russia will certainly be blamed." Russia has been openly opposed to the Bagdad railway, and her Minister of Finance regards it as a "dream which will never be realized." Germany, on the other hand, says the thing will be done and in the near future, too, whether English and Russian capital participates or not. The Porte has agreed to deliver to the company 4 per cent bonds to the amount of 261,110*l.* for each kilometer of road, and the Germans can command the rest. The German



press naturally regards all this opposition as unwarranted and unjust, and as only another indication of English and Russian dislike for Germany. They characterize the railway as a great civilizing agent, *Kulturwerk*, in the benefits of which all nations may share alike. They maintain that diplomacy has been resorted to because in Turkey private interests must be backed by diplomacy in order to receive considerate treatment, and that Germany does not care to deal single-handed with the Sick Man. They describe the Bagdad railway as a private financial undertaking, international in character, in which foreign capital is invited to participate. And with the view of giving still further expression to the international character and the economic and political neutrality of the enterprise, a Swiss city has been selected as the seat of the principal office of the company. Antecedents for international projects of this kind, the friends of the railway say, are found in the Danube and Sanitary Commissions, and the Dette Publique. At all events it seems reasonably certain that the entire line will be constructed, reducing the time between London and Bombay to 11, and possibly 9 days, and gradually restoring Mesopotamia to its ancient economic importance.

Everything that Russia and England allege Germany will do by means of the Bagdad railway if she is given a free hand, Russia has already accomplished through her Siberian railway. Treaty obligations bound Russia to evacuate Manchuria during the latter part of 1902; but this "evacuation" consisted, in part, of the removal of troops from temporary quarters into permanent barracks erected on the right of way and on ceded lands adjoining railway stations. The latter sometimes cover ten square miles for a single station, and "railway guards to the number of 30,000 or more are significantly called frontier guards." In addition, Russia owns the steamers on the Manchurian streams which flow into Russian waters, and consequently she practically controls all Manchurian waterways as well. M. Witte's report on the importance of the Siberian railway urges a more careful and systematic use of the railway in promoting internal colonization, so that the annual increase of 1,500,000 in Russia's population may be planted on the thinly populated but immensely fertile lands of Siberia. Since 1896 the railway has distributed about 200,000 people annually, but this number should be greatly augmented,

says the Minister of Finance. Traffic in butter, fresh meat, fish, fruit and other Siberian products has approximately doubled during each year since 1898. A writer in the *Russian Economic Review* presents statistics to show that the traffic over the Siberian line must increase very greatly if it is to pay expenses. Passenger traffic is likely to increase, partly as the result of a conference, held in Paris in the fall of 1902, and representing Russian-Chinese lines, three French lines, Dutch, Belgian, German, Austro-Hungarian railways, one English company, and the International Sleeping-Car Company. The conference considered matters relating to through traffic to Dalny, Peking, Shanghai, Yokohama and other places, and designated London, Paris, Brussels, Amsterdam, Berlin, Vienna, Budapest and St. Petersburg as places where offices for the sale of tickets to Oriental points are to be maintained. The present time between the large cities of western Europe and Peking is eighteen to nineteen days, and to Chinese or Japanese ports from two to three days longer, thus shortening the time by from thirteen to fifteen days, or about one month for the round trip, compared with the time consumed before the Siberian route was opened. The expenditure of some twelve millions of dollars has been authorized for Russian railway extensions, and a powerful syndicate of Russian and foreign capitalists is projecting numerous transverse lines to intersect with the Siberian railway. Financially, the Russian system has not been successful, and the estimated excess of railway expenditures over receipts has been placed at 60,000,000 rubles, or \$30,900,000, for 1903. In a statement reported to have been made before the Imperial Council, the Minister of Finance ascribed this situation mainly to the enforced construction of railways of a political and strategic character during the last decade. The construction of railways which are of economic value, he said, need cause no apprehension, and for a long time to come Russia will have to build several thousand versts annually of this kind of railway if she will hold her own against foreign competitors. "It is quite another question with railways that are purely of political and strategic value, such as the Novoselitz branches of the Southwestern Railways, the strategic lines in Poland and West Russia, the Ussuri and Central Asiatic railways, the southern branch of the Chinese Eastern railway and others. These railways will not, for a long time, pay even the

interest on the capital laid out in construction; some do not even cover working expenses." The minister of public works has taken steps to remove the causes of the numerous complaints entered in the "books of complaint" kept at stations for the use of the traveling public, and to eliminate other evils in the administration of railways. The complaints relate to the time for opening and closing ticket offices, untidy coaches, theft of hand baggage, inadequacy of compartments for women, etc. Train robberies are a common occurrence. Recently a passenger was drugged, carried from the coupé which he had originally entered, into an unoccupied one, and there he was robbed. Accounts have also been published alleging the existence of gross corruption among Russian railway employees. Higher officials are charged with collecting regular monthly payments from their subordinates, who in turn exercise a free hand in reimbursing themselves, much after the fashion of certain metropolitan policemen in the United States. An influential railway journal finds extenuating circumstances for this thievery in the starvation wages paid to many employees, but the real explanation it finds in the deep-seated notion of the Russian people that there is nothing wrong in robbing the public treasury.

The past year in the railway world of China was, what it will probably continue to be for years to come, a period of international rivalry in securing privileges and concessions. The concession granted in June, 1902, to the American-China Development Company, Rear-Admiral Evans, writing from the Asiatic naval station, regards as "the most important single interest we now have in this section of China." This is a line about 700 miles in length, between Canton and Hankow, over a route which Chinese traders between the North and South of China have for centuries followed, and along which numerous large commercial cities have grown up. The company started with a paid capital of \$3,000,000 in gold, and is authorized to issue bonds guaranteed by railway property to the extent of \$40,000,000 gold, bearing 5 per cent interest. The concession is for eighty years, when it reverts to the Chinese government on payment of the market value of the stock, but the government reserves the right to purchase it on the same terms at any time after forty years. Efforts are being

made to complete the railway in three years. The management of affairs is entirely in the hands of Americans.

The German-Chinese Railway Company, embracing the Deutsche Bank, Dresdner Bank, and ten other strong German financial institutions, was incorporated in Berlin with a nominal capital of \$2,500,000, for the purpose of financing Chinese state railways. The Russo-Chinese Bank raised a loan of 40,000,000 francs in Paris for the construction of the Ching-Tai railway, a western branch of the Lu-han railway, the trunk line between Hankau and Peking in which French and Belgian capital is heavily interested. In June, 1903, the British government asked China to grant to the Peking Syndicate railway a guarantee of 5 per cent on the same terms as had been granted to the Russo-Chinese bank for the Ching-Tai railway. At the same time England asked for "favorable running powers" over certain railways, a share in the concession for the Yen-Pu railway, and "preference" in providing capital for the Hu-pei-Sze-Chuan railway in case the assistance of foreign capital is required. In a word, the railway problem in China is, to-day, primarily a question of maintaining a *modus vivendi* between competing foreign capital.

A report of a special commissioner to the Secretary of State for India, published in March, 1903, condemns the present mixed railway system generally, but not the men who do the work. "The present administration and working of the Indian railways cannot be regarded as at all satisfactory. But I attribute this more to the system than to any individual action on the part of the railway or Government officers." The commissioner favors the leasing of all state railways to companies. He recommends that the control of Indian railways be vested in an independent board, presided over by a member of the Viceroy's Council. He urges cheaper fares and quicker traveling at lower rates, which will add to the commercial and financial success of the railways and increase the prosperity of the people as well as the popularity of the government. Somewhat different in tone were the statements made by Lord Hamilton when he presented the Indian budget to Parliament. For many years, he said, the Indian railways had been worked at a loss, but during the last three years there had been a remarkable increase in the receipts. During the entire period there was a loss of £458,000, while in the latter a profit of



£795,000 had been realized, which was the more noteworthy because the earlier railways traversed the richer and more densely populated territory, while later lines were laid through the poorer districts, many of them quite as much for military as for other reasons. "We can count on the Indian railways producing an increasing source of income for years to come." During June, 1903, articles in the London *Economist* stated that although two of the Indian state railways had suffered a serious decline in net earnings, the others had fairly maintained their previous position. Traveling of natives is largely for the purpose of pilgrimages, attending religious festivities and fairs. The plague interfered with these events, which resulted in an appreciable decline in the revenues from third-class passenger traffic.

Legislation providing for a great transcontinental railway is the most important recent railway event in Australasia. The transcontinental railway act was passed in November, 1902, and bids for the construction of the line will be received until May 2, 1904. Americans are competing for the contract. The projected railway extends from Oodnadatta, in South Australia, to Pine Creek in the Northern Territory, closing the gap between Adelaide and Port Darwin on the south and north coasts respectively. The existing line between Adelaide and Oodnadatta is 688 miles in length, and that from Port Darwin to Pine Creek 145½ miles, which, together with the projected connecting line of 1,200 miles, will bring the total up to about 2,000 miles, or approximately equal to the distance between the head of Lake Superior and the Pacific coast. The road will be built on the land-grant plan, the amount of the grant not to exceed 75,000 acres for each of not more than 1,200 miles of road, in alternate blocks on either side of the railway. The gauge of the new road is to be 3 feet 6 inches, this being the gauge for over 8,000 miles of existing Australasian railways, while over 3,000 miles have adopted the standard gauge of 4 feet 8½ inches, and nearly 4,000 miles have a gauge of 5 feet 3 inches. The Australian transcontinental line will probably co-operate with the Siberian line in competing for traffic with all-ocean routes.

Of supreme importance from a political and social point of view was the Victorian railway strike of May, 1903. The Victorian railways, like those of the rest of Australasia, are owned and



operated by the state, and this strike in its last analysis involved the question whether organized labor could rebel against the power of the state. A firm Premier strongly supported by his colleagues, backed by public opinion, promptly asserted the sovereign power of the state and the supremacy of the laws of the land over the rules and acts of labor unions. The attitude of the government was essentially similar to that recently maintained by President Roosevelt in dealing with the government printers at Washington. There are those who believe that if the Victorian government had been in the hands of weak men, the result might have been disastrous to the government.

In South America, the Transandine project plays the rôle of transcontinental railway. The termini are Buenos Aires and Valparaiso, and, when completed, will reduce the time between these two cities to forty-eight and possibly to thirty-six hours. The Argentine section of the line is completed to within 200 metres of the point where the Andean tunnel is to begin, but it may be several years before the Chilian section will be ready, although the present terminals are only a day's journey apart. The geography of the country has made Chilian railway progress in general difficult. The longitudinal extent of the country is 2,629 miles, with an average width of 101 miles. "Chili at the Pan-American Exposition," 1901, records 1,430 miles of private and 1,420 miles of state railways. The government is aiming to develop a strong longitudinal line running north and south with transverse branches connecting it with the coast.

Consolidation has been the most important movement in Argentine. According to *La Prensa* of Buenos Aires all the broad-gauge railways of Argentine, embracing eight companies with a total mileage of 6,300 and \$350,000,000 capitalization in gold, are to be combined. Important consolidations have already been effected, and only time can tell whether the entire program will be completed. The Argentinian railways have experienced difficulties similar to those frequently encountered by our western roads during crop-moving seasons, especially the last; and the Board of Ways and Communications has established offices in each of nine different agricultural regions for the purpose of investigating complaints. A government inquiry attributed the

delays in grain shipments chiefly to the inadequacy of terminal facilities rather than a deficiency in rolling stock.

Brazil purchased over 2,000 kilometers of guaranteed railways by the issue of "Railway Guarantee Rescission Bonds," effecting an annual saving in interest charges of £247,550, this being the difference between the interest on the bonds and the amount of the former guarantee. In addition, it is estimated that leasing the acquired lines will yield £125,000 more.

Bolivia and Argentina entered into a convention for the construction of a line from Jujuy, about 125 miles south of the boundary line between the two countries, into Bolivian territory. For the present, Argentina will construct and own also the Bolivian section, but the latter country reserves the right of repurchase under specified conditions. Another convention between Argentina, Bolivia and Chili governs the through passenger traffic. Bolivia has constructed its first state line from Lake Titicaca, said to be the highest navigable body of water in the world, to La Paz, a distance of 57 miles.

The Colombian National Railway Company has already completed 86 of the 316 miles of railway between Bogota and Buenaventura on the Pacific, a route which, it is expected, will largely supersede the customary avenue of approach to Bogota, from the Atlantic side, by way of the Magdalena River and three short railways. Both routes are important and the Isthmian Canal is likely to greatly enhance their value. The Colombian government gives liberal land grants and devotes 10 per cent of its customs revenues to railway purposes.

The governor of a northeastern province of Peru, a famous explorer, has discovered the possibility of a more northerly railway across the Andes, and plans are well under way for the construction of a road which will connect the Pacific with the Amazon. From the Manseriche Falls of the Amazon a line is also to be extended southward to Cerro de Pasco, in central Peru, from which a railway is now in process of construction to Oroyo, about 100 miles northeast of Lima. Important electric lines have been projected in Peru. Two companies have secured concessions for sixty-six years, freedom from taxation, and free importation of materials for two years. At the end of sixty-six years all the property is to revert to the government free of cost.

Having taken a survey of recent railway events in the less developed areas of the earth, it will now be in order to remark briefly concerning the more advanced countries, beginning with England, the home of the first important railway enterprise.

English railway management has been much criticised of late because of the lack of adequate statistics as a basis for the most successful operation, and also because of adherence to antiquated types of cars and locomotives. A competent Continental European critic has recently characterized English railway statistics as the poorest of any in the civilized countries of the world. Rigid attention to statistical expression of every detail of the business, the employment of statistical units like the ton-mile for cost and the train-mile for revenue, as a touchstone of successful administration, which have made the great success of many American lines possible, are practically unknown in England. The extraordinary economy in operating vast systems like the Hill lines may be attributed largely to what may be called a statistical consciousness of every branch of the service in its remotest details. Minority stockholders of English railways have made formal protests against antiquated methods, and railway publicists like Acworth and Paish have revealed the situation in its scientific aspects. The recent increase in dividends on common stock has been attributed largely to improved management. The "Americanization" of English railways is regarded as an impossibility by officials, who emphasize the important differences between English and American traffic, characterizing the former as "retail" and the latter as "wholesale" business. Because of the smallness of the "average" load of freight, large cars of twenty to fifty tons capacity, which are constantly increasing in number on American roads, are regarded as impracticable and expensive; and the experiences of English roads with cars of twenty tons capacity are cited to prove the point. A distinguished American railway expert thinks that the inferior size of the heavy stone arches, which would not admit of the passage of forty-ton cars and corresponding locomotives, is the greatest obstacle to the introduction of the American type of equipment. However, calculations have been made which show that the freight carried in 458 ordinary London and Northwestern cars could be carried in 322 thirty-ton American cars, but that the tare weight would rise to

4,669 tons as compared with 2,199 tons for the English equipment. In other words, considering the retail nature of the English traffic, the expense of terminals, and the custom of railway delivery of freight, a gradual modification of existing equipment with the view of increasing paying loads is preferable to the substitution of American types of equipment and methods of management. At least, that is what the majority of English officials are saying.

French railway statistics, too, have been under fire. While they exhibit definite facts regarding the quantity of traffic, revenues and expenditures, they fail, in the estimation of their critics, in revealing the true financial situation. As is well known, the French government, by the terms of the "conventions" of 1883, pays heavy guarantees and subsidies to her railways, although when the conventions were drawn glowing prospects of handsome profits to the state were held up to view. Only one of the great railways has paid anything, and that an inappreciable sum, to the state as its share of the net profits, while the aggregate indebtedness of four of the companies, January 1, 1901, was nearly one thousand millions of francs. The debates in the Assembly on the budget gave indication of an awakening of public opinion in regard to the railway question, and in the not distant future it may become a topic of intense discussion. The labor leaders have charged the minister with opposition to the "syndicates" of railway employees, as well as with inefficiency and mismanagement. The labor question was injected into the debate partly as a result of the railway strikes in Belgium and Holland, and the declaration of the Prussian minister of public works that no employee can be a social democratic agitator and retain his position, that final authority cannot at the same time reside in labor unions and in the minister, and that as long as he was minister, authority shall remain in the department of public works.

Prussia, the classical illustration of an efficient system of state railways, absorbed six more private companies during the year, operating about 570 miles of road. This leaves only about 1,312 miles of primary and secondary railways still in private hands. Of the six newly acquired lines, four are secondary roads, lying in less developed agricultural regions. The same causes which have increased railway expenses in the United States have operated similarly in Prussia, resulting in a slight decrease of net

revenues—the estimated decrease for 1903 is \$11,186,000—but still yielding a clear surplus of about \$130,000,000, or nearly 6½ per cent on the investment. Among the advantageous changes introduced during the year, the minister enumerates the declassification of a large number of commodities; reductions in rates on ores, coke, fertilizers, cattle and agricultural implements; special export rates on iron and steel; and arrangements for the prompt conveyance of commodities endangered by early frosts. Multifarious demands beset the railway manager in Prussia as elsewhere, as the following quotation from the minister's address in the Herrenhaus will show: "One person wants a new but unprofitable road; another desires additional trains; another better upholstering for second-class coaches; still another, new appliances, electric light and what not. . . . The demands . . . are increasing, but notwithstanding a reduction in rates is requested at the same time. Those who demand 'tariff reform' always mean reductions. . . . No congress assembles but what its delegates request free transportation, no Sängerkunst but what the Sangesbrüder think they are entitled to free rides. This means that the cost of transportation is thrown on the wrong shoulders; song does not belong to railway administration . . ."

From a scientific point of view the most notable event in Württemberg was the attempt to arrive at the cost of service in the passenger traffic. A protracted agitation and discussion in the legislature of reforms in railway rates was the occasion which prompted the renewal of an attempt which has hitherto been made by others with little success. The reduction of the aggregate passenger service to average trains was followed by an analysis of the services of an average "limited" train with respect to train-kilometers, axle-kilometers, occupied and unoccupied seats for the different classes of coaches. Similarly, other classes of trains were analyzed and the elements of cost in motive power, maintenance and renewals, and miscellaneous items, reduced to corresponding figures. The railway authorities believe that this investigation demonstrates the impossibility of lowering passenger rates without throwing the burden of a deficit in this upon other branches of the service, and that future progress must lie in the direction of quality of service rather than reduction of rates. The debates on the railway budget gave evidence of grievances which members



of the legislature feel towards Baden for alleged deflection of traffic to Bavaria over more circuitous routes to the direct loss of millions of marks to Württemberg. Illustrations were given to show that the arbitrary routes exceeded the natural ones by from 30 to 40 per cent in direct violation of the federal constitution which commands the operation of railways as a uniform network in the interests of the general traffic.

Saxony has experienced a year of agitation for "reform," both with respect to internal and through traffic, in which the relation of Saxon railways to other systems is an important consideration. There has been more or less talk concerning closer affiliation with the Prussian and other foreign systems, not only in Saxony, but also in Baden, Württemberg and other states. Soon after his appointment, the new Prussian minister visited the capitals of the federated states for the purpose of promoting greater co-operation among the railway administrations within the empire. The predominant influence of Prussia makes an unreserved understanding with other administrations quite essential, but there are no indications of a formal consolidation of the various systems on account of financial as well as political reasons. Better voluntary co-operation is the only practicable plan at present. Among the other notable events in the German railway world should be mentioned the contemplated creation of a Bavarian department of public works, and the quarter-centennials of the German "Reform tariff" and "Tariff Commission."

The practical downfall of the original zone system marks a turning point in the railway policy of Austro-Hungary. The zone tariff of 1889 was "revised backward" in 1894 and 1896, and on January 1, 1903, radical modifications of the system were introduced into the Hungarian tariff, which leave the term "zone tariff" as a "name without content and without significance." The wider zones of the original tariff were found to influence the movement of passengers and the revenues of the railways unfavorably, so two new zones were added and the width of the first five reduced to 10, 5, 5, 7 and 13 kilometers respectively. This makes it a zone-distance tariff, of which numerous illustrations can be found in the United States, and which, with still greater modifications and local adaptations, has been proposed for Sweden. Distance is disregarded only beyond the 400 kilometer line, where

the traffic comprises less than 1 per cent of the total. Financial considerations compelled Austria to advance her zone rates in 1892, 1895, and January 1, 1903, the last advance being 12 per cent on primary, 6 per cent on secondary, and 3 per cent on local railways. Russia's experiments with the zone system since 1894 compelled her to make advances in rates in April and October, 1902; and since 1896 Denmark has been trying a similar system with the result that passenger mileage has increased 60 per cent, but an annual deficit in the railway budget of 141,000 crowns has been incurred.

The Italian government entered into sixty-year contracts with operating companies on July 1, 1885, with power to terminate the contract at the end of twenty-year periods, on two years' notice by either party. Notice to abrogate existing contracts was given by both parties on April 28, 1903, and the period intervening before the expiration of the contracts on June 30, 1905, will be absorbed in investigations and negotiations. The government commission for the study of the railway problem hopes to complete its work before January 1, 1904. Dissatisfaction with present conditions is universal. Passengers complain of vexatious delays and general irregularity. Shippers chafe under rates alleged to exceed those of surrounding countries by 25 to 30 per cent, not to mention lack of cars and intolerable slowness in speed. Railway employees are discontented because the companies have failed to live up to the terms of their contracts with respect to hours, wages and holidays. Lastly, the government is dissatisfied because, contrary to the anticipations of 1885, the state has not only received no financial benefits, but it has been compelled to make up deficits which, since 1895, have exceeded \$40,000,000 annually. This situation has naturally developed three divergent views concerning the future of Italian railways. The first party favors the introduction of a purely private system of railways and the sale of government railway property to private companies. The second advocates the introduction of a state system like the Prussian. The third believes in readjustment of the present contractual relations between the railway companies and the state and a continuance of government ownership with private operation, and the introduction of profit-sharing with railway employees.

The remaining countries of Europe may be passed over briefly. Sweden is perfecting plans for the introduction of electricity on one of her railways as an experiment, in accordance with the special report on this subject submitted to the King in December, 1902. Experiments of this kind are being made in nearly all parts of the world, one of the most interesting features of which is the operation of single motor cars as day coaches or sleepers where the traffic does not warrant a regular steam locomotive train or where such a train could only be operated at a loss. Sweden is also trying the utility of advisory councils. If the experiment is not satisfactory, the council will cease to exist in 1904 by the terms of the royal decree which created it. The Ofoten railway, "the most northerly railway" in the world, was provisionally opened in November, 1902, while the formal opening took place during July, 1903, in the presence of royalty and representatives of the domestic and foreign business world. British capital persisted in constructing the road in order to supply England with Swedish ore all the year round, which this railway, running into an Atlantic port, makes possible. Thus "the long and severe winters of the Arctic are being conquered and the Baltic winter defied." One of the two new railways opened in Finland lies in the region north along the Gulf of Bothnia. Denmark is considering a reorganization of her railway administration by the appointment of a general directory subordinate to the minister of public works, composed of three persons representing the technical, operating and traffic departments, respectively.

Nothing has been said about the new Canadian transcontinental lines, because the facts regarding them are generally known, and for purposes of this essay, Canadian railway events can scarcely be looked upon as "foreign."

B. H. MEYER.

*University of Wisconsin.*

## PERSONAL NOTES

**Carlton College, Northfield, Minn.**—Dr. Ezra Thayer Towne has been appointed professor of history and political science in Carlton College. Dr. Towne was born at Waupun, Wis., April 1, 1873, and educated in the local schools and the State University, graduating with B. L. in 1897. From 1897-9 he was in the graduate school of the same institution, department of economics. Two years, 1901-3, were spent in Europe, with one semester at Berlin and two at Halle, where he received the Ph. D. His thesis was "Die Auffassung der Gesellschaft als Organismus, Ihre Entwicklung und ihre Modifikationen," 136 pp.

During the summer of 1898 Dr. Towne worked with the Charity Organization Society of New York City, and from 1899-1901 he was principal of the High School at Sharon, Wis.

**Harvard University.**—Dr. J. Piatt Andrews,<sup>1</sup> who has been instructor in economics in Harvard University since 1900, has been advanced to an assistant professorship.

Since 1898, Dr. Andrews has published the following:

"What Ought to be Called Money?" *Quarterly Journal of Economics*, January, 1899.

"Indian Currency Problems of the Last Decade." *Quarterly Journal of Economics*, August, 1901.

**University of Indiana.**—Mr. Mayo Fesler has been made assistant professor of history in the University of Indiana. Mr. Fesler was born at Morgantown, Ind., November 19, 1871, received his early training in the public schools of that place, and his collegiate training at Depauw University, 1889-90-91-92, and the University of Chicago, 1894 and 1897 (Ph. B., 1897). From 1899-1903 he was fellow in history in the last-named institution.

He was a teacher in the Indiana public schools from 1892-97, and had charge of English and history in the Oak Park (Ill.) High School, 1897-99. During the period of his fellowship in the University of Chicago he was general secretary of the Alumni Association, and in 1902-03 he was secretary of the Board of Recommendations.

**Leland Stanford University.**—Dr. Harry Alvin Millis has been called to the Leland Stanford University as assistant professor of economics. Dr. Millis was born in Paoli, Orange County, Ind., and prepared for college in the Paoli High School. He was a student in Indiana University from 1892-96, receiving A. B. in 1895, A. M. in 1896. He was fellow in sociology in the University of Chicago 1896-98, and fellow in economics 1898-99, receiving the Ph. D. in 1899.

From 1899-1902 Dr. Millis was reference librarian in the John Crerar Library at Chicago, building up the departments relating to economics and sociology. During the year 1902-03 he was professor of economics and sociology in the University of Arkansas.

<sup>1</sup> See ANNALS, vol. viii, p. 355, September, 1896.

The following is a list of his published works:

"*Poor Laws of the Several American Commonwealths*" (six articles). American Journal of Sociology, November, 1897; September, 1898.

"*The Law Relating to Tramps and Vagrants.*" Report of the National Convention of Charities and Corrections, 1897.

"*The Present Street Railway Situation in Chicago.*" Annals of the American Academy of Political and Social Science, September, 1902.

Dr. Millis is a member of the American Economic Association, the Chicago Bibliographical Society and the Science Club of the University of Arkansas.

**University of Missouri.**—Mr. Carl Conrad Eckhardt has become assistant in history in the University of Missouri. Mr. Eckhardt was born September 6, 1878, in Toledo, Ohio, where he passed through the grammar and high school. He attended German Wallace College at Berea, Ohio, 1897-1902, Ohio State University, 1900-1902, receiving the degree of Ph. B. The year 1902-03 was spent in post-graduate work at the University of Michigan.

Mr. Eckhardt is a member of the American Historical Association.

**National Prison Congress of the United States** was presided over in its session of 1903 by Dr. Charlton Thomas Lewis. Dr. Lewis has had an interesting and varied career. He was born in West Chester, Pa., February 25, 1834, entered Yale at fifteen, graduated in 1853, received the A. M. from the same institution in 1859, Ph. D. from the University of New York in 1877 and LL. D. from Harvard in 1903.

Dr. Lewis was professor of languages, State Normal University of Illinois, 1857-58; professor of mathematics, New York University, 1859-61; professor of Greek, New York University, 1861-63; Deputy Commissioner of Internal Revenue, Washington, D. C., 1863-64, and from 1869-71 he was associated with William Cullen Bryant in the editorship of the New York *Evening Post*. During this period he published "The Critical New Testament," a translation from the German; a "New Latin Dictionary," a "Latin Dictionary for Schools," an "Elementary Latin Dictionary" and a "History of Germany."

In the field of sociology he has published and worked as follows:

"*The Influence of Civilization on the Duration of Life.*" Proceedings of the American Public Health Association, 1871.

"*What is Wrong in Life Insurance?*" National Review, 1877.

"*The Indeterminate Sentence.*" Proceedings of National Prison Association, 1899.

Dr. Lewis has held the following important positions:

Chairman Commission to revise Penal Laws of New Jersey, 1890-91.

Chairman of Commission to found New Jersey State Reformatory, 1893-95.

Delegate of the United States to the International Prison Congress, Paris, 1895.

President Prison Association of New York, 1898 to date.

President Charities Aid Association of New Jersey, 1892 to date.

Dr. Lewis is also a member of the American Academy of Sciences, the American Mathematical Society and the Actuarial Society of America.



## BOOK DEPARTMENT

### NOTES

SINCE THE PUBLICATION of the first edition of Professor v. Böhm-Bawerk's "*Geschichte und Kritik der Capitalzins-Theorien*" (1884), a copious literature on interest has appeared. In the second edition (1900) much of this literature has been subjected to careful analysis. The little volume under review<sup>1</sup> gives a translation of the Appendix, which is devoted to recent literature on interest, and a summary of the principal additions in the body of the work. It will therefore serve as an admirable supplement to Professor Smart's translation of the first edition.

The most important part of this book is to be found in the chapters on the Abstinence Theory, the Labor Theories and the Productivity Theory. In the first of these chapters a vigorous attack is made upon the positions of Marshall and Carver. The criticism of Marshall involves a subtle logical analysis in which the great Austrian economist displays his wonted skill. Marshall had committed himself to the views that interest is due to the undervaluation of the future, and that it is compensation for waiting. These two propositions, which look so much like two ways of expressing the same thing, Böhm-Bawerk pronounces absolutely incompatible. If one is right, the other must be wrong. The former assumes that the future satisfaction appears in consciousness in reduced proportions; the latter that its magnitude remains unaltered. Nothing seems more clear than that our author has the logic with him—on first reading. On the other hand, further study will probably convince one that Marshall is not so far wrong after all. The criticism of Carver's theory is more convincing. On the face of Böhm-Bawerk's statement of Carver's position, the fact seems to be established that the latter writer's theory mistakes effect for cause.

As to the labor theories, attention is given to that of Stolzman, who has developed a curious and absurd theory that interest is determined by the standard of living of capitalists, just as Mr. Gunton argues that wages are fixed by the laborer's standard of life. Why Böhm-Bawerk should have dignified so weak a theory by giving it serious attention it is difficult to say. Nobody but its originator could possibly accept it. More important is the treatment of the productivity theory of Wieser. Economists have long seen that Wieser's theory is unsatisfactory, and that much of the argument by which it is supported is hopelessly weak. No one, however, has pointed out so clearly just where the fallacies lie as Böhm-Bawerk does in this chapter.

The volume closes with a cheerful view of the future of the interest controversy. Whatever disagreements may still exist, the old fallacies can

<sup>1</sup> Recent Literature on Interest. By Eugene v. Böhm-Bawerk. Translated by William A. Scott and Professor Siegmund Feilbogen. Pp. xliii, 151. Price, \$1.00. New York: The Macmillan Co., 1903.

hardly be restored to life. Most men will in the future be compelled to hold interest theories which are in the main logical.<sup>2</sup>

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THE TITLE OF DR. BOLLES' "Money, Banking and Finance"<sup>3</sup> is a misnomer. The book is an admirable general treatise on banking practice, with a short introductory chapter on money, and a still briefer concluding chapter on railway finance. The thirty-one chapters on banking present a view of every principal phase of bank organization and of banking activity. The author's method is largely descriptive, and includes the work of the incorporated commercial bank, the savings bank, the clearing house, the loan and trust company and the private bank. As a clearly digested treatise on *banking practice* it is well adapted to systematic instruction, and supplements the existing text-book literature dealing with bank administration, bank accounting, banking history, domestic and foreign exchange and other special subjects of banking interest.

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"SUPERVISION AND EDUCATION IN CHARITY,"<sup>4</sup> by Jeffrey R. Brackett, will be found of great value by all who have occasion to study the development of American charities. Beginning with a brief sketch of the work of the early pioneers, among whom were Edward Livingston, Dorothy Dix, William E. Channing, the author writes in the second chapter of the establishment of the state and local boards. Chapter III deals with Private Associations for Supervision of Institutions, as the New York and New Jersey State Charity Aid Associations. Chapter IV is devoted to the history of the National Conferences, such as the National Conference of Charities and Correction, the National Prison Association and the American Medico-Psychological Association. Other chapters deal with "Local Conferences," the "Educational Service of Associations for Organizing Charity," "Academic Instruction," "Training for Work," "Women's Clubs and Associations."

Dr. Brackett believes that there is much to be proud of in the development of charity in the United States and thinks that the constantly increasing attention paid to this subject by students within and without academic circles augurs well for the future.

It is but just to say that Dr. Brackett is bearing his part in this work of educative philanthropy, or philanthropic education, as one may prefer, in his work as lecturer in Johns Hopkins University and as president of the Department of Charities and Correction of Baltimore. The present study is a worthy continuation of the series of books on American Philanthropy of the Nineteenth Century whose earlier volumes have been mentioned in these pages.

<sup>2</sup> Contributed by Alvin S. Johnson, Ph.D., Columbia University.

<sup>3</sup> By Albert S. Bolles. Pp. 336. New York: American Book Co., 1903.

<sup>4</sup> Pp. 222. New York: Macmillan Co., 1903.

PROFESSOR GUSTAV COHN'S volume on the "History and Policy of Transportation"<sup>5</sup> is a collection of essays written at different times throughout the past fifteen years. All of them have already been published either in periodicals or in government reports. The first three relate to English railroads, the fourth to the history of pools and combines, the fifth to English and American economics, and the remaining four to problems of transportation, especially in Germany. Professor Cohn has long been a recognized authority on matters of railroad transportation; hence these essays will command the attention of all those interested in this important aspect of modern life. The general reader will first turn, however, to the essays on Pools and on English and American Economics.

The problem of industrial combinations is thus described by the author: "What attitude should be adopted toward a process of development by which a fundamental principle of our economic system—free competition—is of its own force transformed into the precise opposite?" This question, however, assumes an answer to the problem: "What is free competition, and why does it tend to destroy itself?" Professor Cohn therefore considers first the attitude of economists with regard to free competition. Then he discusses the naturally monopolistic character of transportation, and considers in detail the process by which monopolies arose in English railroad transportation and coal mining.

The fifth essay, entitled "Present Political Economy in England and America," extending over 125 pages, is the longest in the book. Particularly encouraging to the American reader are the author's flattering remarks concerning the scope and value of American contributions to economic literature, and his appreciative characterization of our leading economic periodicals.

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"THE HISTORY OF COINAGE AND CURRENCY IN THE UNITED STATES AND THE PERENNIAL CONTEST FOR SOUND MONEY,"<sup>6</sup> by A. Barton Hepburn, is a general historical treatment of a subject that has been prominently before American people since the adoption of the Federal Constitution. In fact, the subject of currency and banking was one foremost in colonial thought for a century and a half prior to the organization of the Federal Government. Colonial experience, however, is scarcely more than referred to by Mr. Hepburn, one chapter only being given to colonial systems, and this confined to the Revolutionary period as an introduction to the general work. In its general plan the book is divided into three parts: (1) "The Period Before the Civil War," (2) "The Period from 1861 to 1890," (3) "From 1891 to the Present Day." In Part I an account is given of the coinage system and of American paper currency prior to the Civil War. Part II is devoted to the United States legal tender note, the silver question, and the national banking system. Part III contains an historical discussion of the silver contest of

<sup>5</sup> *Zur Geschichte und Politik des Verkehrswesens.* By Gustav Cohn. Pp. vii, 524. Price, 14 marks. Stuttgart: Ferdinand Enke.

<sup>6</sup> Pp. xiv, 666. Price, \$2.00. New York: The Macmillan Co. 1903.

1896 and the reform act of 1900. Mr. Hepburn closes his account with a general review.

In so far as the author treats of subjects which are not a matter of present controversy (such as the coinage system, the establishment of the mint, the early paper currencies, etc.), the historical perspective is clear and without evidence of personal bias. The latter part of the book, however, while it contains much historical data of interest and much that is characteristic of the times, is strongly opinionated; in fact, the closing chapter, entitled "The General Review," contains little else than the personal opinion of the author with respect to present political problems. This character of the work may be illustrated by direct quotation. Speaking of the United States Treasury, the author says: "In no other civilized country is there such an absurd governmental interference with the currency supply; affecting values, promoting speculation, retarding business and disturbing the welfare of the people." His final expression with reference to the national bank note is that "No currency based on bond security can be elastic. . . . Bond security is not essential to perfectly secured circulation." With respect to the character of security to be used, the following may be quoted: "The statistical history of the national banks for thirty-nine years shows that a tax of  $\frac{1}{2}$  of 1 per cent levied annually upon outstanding circulation would have produced an amount of money sufficient to have redeemed the outstanding notes of every bank that has failed, without recourse to bonds held as security or other funds. With business certainty, a safety fund and a guarantee fund involving only a moderate tax can be provided which will make note issues perfectly safe and sound." Again, the author strongly urges use of national banks as depositories of public money.

While, therefore, the book is, in a measure, a contribution to our historical literature, the evident purpose of the author is to reach a conclusion with respect to a present issue, and the ultimate use which he makes of all his historical data is distinctly partisan, intended as propaganda in the conversion of the public to his point of view. Judged from the motive of authorship, therefore, Mr. Hepburn's book is not scientific history, but advocacy supported by historical illustration. It is a powerful brief in a case that is now being argued before the political court of last appeal—the American people.<sup>7</sup>

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"THE INDIANS OF THE PAINTED DESERT REGION,"<sup>8</sup> by George Wharton James, will be voted an extremely interesting book by every reader. The interest aroused by the attractive make-up of the volume is held throughout the descriptions of the Indian villages, Indian life and ceremonies, including the snake dance of the Hopi, Navaho, Wallapais, and Harasupais. The reader is taken from his accustomed haunts to regions where even the earth and skies seem to belong to another world. He is told of the legends regarding the origin of the Indians, of their struggle for existence in the inhospitable deserts, of the new problems due to contact with the whites, and of the ques-

<sup>7</sup> Contributed by Frederick A. Cleveland.

<sup>8</sup> Pp. xxi, 268. Price, \$2.00. Boston: Little, Brown & Co., 1903.

tions concerning the future. All this is from the pen of one who has for many years known these people and has witnessed many of their most secret ceremonies. The book is written not in technical, but in good racy English, and contains excellent illustrations. It is designed to acquaint the general reader with these little-known countrymen of his, but it is more, for the existing accounts of some of the tribes mentioned are few and scanty.

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IN "FAMOUS ASSASSINATIONS OF HISTORY,"<sup>9</sup> by Francis Johnson, we have an appeal to sensationalism and a use of yellow-journal rhetoric in dealing with historical subjects. Thirty-one assassinations are described, beginning with Philip of Macedon, 336 B. C., and concluding with Alexander and Draga of Serbia, A. D. 1903. The author states in the preface that he has included only those cases which led to important political results or which left profound and indelible impressions upon the imagination of contemporaries and posterity. Among those who are thus honored we may mention Julius Caesar, Thomas à Becket, Rizzio, Darnley, William the Silent, Wallenstein, Marat, Lincoln, and McKinley. President Garfield must suffer the ignominy of exclusion because "his assassination rather grew out of the morbid aberration of one diseased mind than out of the general spirit of the epoch in which he lived."

The author informs us that the historical features of the epochs in which the assassinations occurred are "portrayed with historical fidelity and strict impartiality." We must admit that he has impartially accepted many traditions which have long since been exploded; for example, the story that Thomas à Becket's mother was an Oriental, who had followed his father from the Holy Land. As for "historical fidelity," there is scarcely a chapter in the book which does not contain inaccurate statements. Mary Stuart was not induced, "mainly through the influence of Queen Elizabeth of England, to contract a marriage with Henry Darnley." Darnley was not an English subject and he was not descended from a daughter of Henry the Eighth (p. 94). It is hardly correct to speak of the head of the Holy Roman Empire as the "emperor of Germany" (p. 165). Students of American history will be surprised to learn that John Wilkes Booth "had been among the lynchers of John Brown and frequently boasted of his participation in that crime" (p. 349).

We should not advise the student to search the pages of this book with the expectation of finding any information on the subjects of history or criminology.<sup>10</sup>

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"THE NEGRO FARMER"<sup>11</sup> is a short but valuable study of the rural Southern negro, and contrasts favorably with the work done on the same subject by the library experts of the Census Bureau. From columns of more

<sup>9</sup> Pp. xii, 434. Price, \$1.50. Chicago: A. C. McClurg & Co., 1903.

<sup>10</sup> Contributed by W. Roy Smith, Ph. D., Bryn Mawr College.

<sup>11</sup> *The Negro Farmer*. By Carl Kelsey, Ph. D. Pp. 78. 25 maps. Price, 50 cents. Chicago: Jennings & Pye.



or less accurate statistics the census expert endeavors to prove that the condition of the negro farmer is better now than under slavery and that he is nearly or quite the equal of the white in efficiency. (See, for instance, Census of 1900, vol. vi, pt. II, p. 419, and Census Bulletin, No. 155.) The author of the monograph under review visited the Southern plantations and farms, and by personal observation and intelligent questioning ascertained what the census figures really meant. He treats the subject in six divisions: (1) the geographical location of the negro population, (2) the economic heritage of the race from Africa and from servitude, (3) present economic and social conditions, (4) social environment, (5) the prospect for the future, (6) attempts at industrial training. Dr. Kelsey has closely acquainted himself with the economic situation in the South, and the best part of his work is that in which he gives the results of his investigations in that section. When he returns to his library authorities he is not so successful. There are numerous misprints; footnote references are seldom given, and when given are not specific; the illustrations are good for a work of the kind. Twenty-five instructive maps show the segregation of the black people into the most fertile districts of the South. The more fertile the land, the more negroes are there; and *vice versa*. Here he touches upon the greatest evil of slavery, from the white man's point of view—the tendency of that institution to drive the bulk of the white population to cheaper and less fertile lands, leaving the best lands to the masters of blacks and ultimately to the blacks. The discussion of the Black Belt tenant system is the best that has appeared. The description of social institutions,—home, school, and church,—is perhaps too gloomy. Present conditions are bad enough; but, in comparison with those at the end of reconstruction, give reason for hope. Much importance is ascribed to the work of such institutions as Tuskegee and Hampton, and to the various coöperative improvement societies. The value of the training given by slavery is recognized, but the author accepts the traditional view that slavery was responsible for the ruinous ante-bellum system of agriculture. In fact, the best farming was done on the slave plantations; the worst where there were few or no slaves; and the free negro has done worse farming than the slave or the frontier white. The wasteful frontier system of agriculture is still found in parts of the West and South among whites; the Black Belt can hardly be said ever to have been in a frontier stage. Dr. Kelsey is hopeful for the future of the negro farmer, though he thinks there is danger that the present friendly sentiment of the whites will not continue, and that, more and more, industrial efficiency will be demanded and negro labor will not be preferred as at present. Also, the whites are turning toward the cheap and fertile Black Belt lands. If the negro will not work, he will have to give way to them. The question of the economic competition between white and black labor—"the battle of the loaf"—is barely hinted at. In conclusion, Dr. Kelsey says: "The absolutely essential thing is that the negro shall learn to work, regularly and intelligently. The lesson begun in slavery must be mastered . . . the negro must work out his salvation, economic and social. It cannot be given without destroying the very thing we seek

to strengthen—character. This is the justification for the emphasis now laid upon industrial training. This training and the resulting character are the prerequisites of race progress."<sup>12</sup>

IN "LETTERS FROM A CHINESE OFFICIAL,"<sup>13</sup> written for English readers, we have a comparison between the Eastern and Western civilizations and ideals. The comparison naturally, because of its authorship, is decidedly unfavorable to the latter. However, there is food for thought, and a dispassionate perusal will prove instructive to many. The official makes a strong plea for the justice of the Boxer uprising, saying that there can be no peace until Westerners will learn that the difference between our civilization and that of China is no reason why we should regard the Chinese as barbarians. He maintains that we must treat China as a civilized power and respect its customs and laws.

"BRITAIN AND THE BRITISH SEAS,"<sup>14</sup> by H. J. Mackinder, and "Central Europe," by Joseph Partsch,<sup>15</sup> two volumes belonging to the Appleton Series of the Regions of the World, reflect credit on their publishers and authors for the fullness of description and for the perfection of the press and map work. The books are indispensable to those who wish an accurate knowledge of the causes of national industrial success under modern conditions. Mr. Mackinder gives an account of the position of Britain and of the physical peculiarities that have done so much to make England the center of industry. The reader can appreciate the great influence England has exerted on modern trade and industry as soon as he glances at the maps and charts which fill the book. Its main value, in fact, lies in these illustrations. When they are comprehended the reading of the book is easy and its main points are readily retained because they are so perfectly visualized.

Professor Partsch's book on Central Europe is the more valuable to the students of economics because it deals more fully with the problems of economic geography. There is a careful presentation of the physical features of the region and of the geological changes that have produced them, but in addition to this, much space is given to the discussion of economic problems. The chapter of Economic Geography is a model of its kind, and from it the reader obtains the essential facts about the agricultural productions of Central Europe and of the conditions under which each of the leading crops flourishes. The maps show where wheat, rye, maize, potatoes and sugar beets grow and the relative importance of each in the various parts of Central Europe.

From this book one sees the causes of the progress of the German empire and of the growth of German unity. The economic unity of the whole region is apparent from the survey of its position and of the relations existing be-

<sup>12</sup> Contributed by Prof. Walter L. Fleming, West Virginia University.

<sup>13</sup> Pp. xiv, 75. Price, 50 cents. New York: McClure, Phillips & Co., 1903.

<sup>14</sup> Pp. xv, 377. Price, \$2.00. New York: D. Appleton & Co., 1903.

<sup>15</sup> Pp. xiv, 358. Price, \$2.00.

tween its parts. The political confusion that long reigned in Central Europe delayed economic progress and gave an indisputable supremacy to England. The armed peace of recent years has given to Germany a chance to utilize her resources. In a single generation she has shown herself capable of an intense competition with England and seems likely to force a radical change in English industrial policy. For the first time two great nations are struggling for the supremacy on comparatively equal footing, and, barring political complications that may give an undue advantage to one of the rivals, the struggle must be decided by economic advantages.

The two books under review have a special interest because they present the economic background on which each of these nations rests, and they should be read together so that the relative advantage of each nation may be apparent. The advantage apparently will lie with Central Europe when its inhabitants can surmount the national and race antagonisms which now sever them. When North Germany dominates Austria as she now does South Germany, a natural economic unit will be created on a scale that can only be matched by the resources of the great central plain of North America. England cannot grow except through foreign trade. Germany can, and therein lies a difference which must steadily work in her favor.

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TO THE NUMEROUS "real" and "true" biographies Mr. Meredith has added the "Real John Wesley,"<sup>16</sup> in which he gives us some account of the versatility of this many-sided man. An educator, he made some serious blunders in the philosophy of education, but he did not mistake its end and object, to reach and uplift the great mass of humanity. A devout student of the Scriptures, he yet anticipated the higher critics. The theory of evolution he virtually propounded before Darwin. Occasionally he dipped into politics, generally on the wrong side as we look back upon it to-day, but he gave Old Sarum a hit and did not a little to stem the tide of bribery swollen so much by the corrupting Walpole. It was the spiritual forces he called into play, rather than the tirades of Burke, that saved the nation from a rabid revolt like the French Revolution, a fact which secular historians are now recognizing. Mr. Meredith has given us a readable, but hardly fascinating account of the life of a remarkable man.

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THE ELEVENTH VOLUME of the second series of the Decennial Publications of the University of Chicago bears the title "A History of the Greenbacks."<sup>17</sup> For this Dr. Mitchell has taken the brief period, 1862-65, and has gone exhaustively into both the history of the legal tender acts and their economic consequences; these subjects form the general titles of the two parts of the works. In Part I, the history of the greenback has been treated under the five descriptive sub-titles, "The Suspension of Specie Payments," "The First Legal Tender Act," "The Second Legal Tender Act," "The

<sup>16</sup> By W. H. Meredith. Pp. 425. Price, \$1.25. Chicago: Jennings & Pye, 1903.

<sup>17</sup> By Wesley Clair Mitchell. Pp. 16, 577. Published by The University of Chicago Press, 1903.

Third Legal Tender Act," and "How Further Issues of Greenbacks were awarded in 1864 and 1865."

Part II is involved in economic discussion. In this "The Economic Consequences" are traced from such statistical data as are available with reference to "The Circulating Medium," "The Specie Value of Paper Currency," "Prices," "Wages," "Rents," "Interest and Loan Capital," "Profits," "The Production and Consumption of Wealth," and the "Cost of the Civil War." The statistical basis for economic discussion is furnished in a voluminous appendix.

The historical part (I), covering 131 pages, is drawn from authentic sources, by exhaustive and painstaking research: this portion must stand as a recognized authority. Part II, while deserving of highest rank among economic writings, is necessarily controversial in character, and the conclusions reached may be subsequently modified by the author himself as more data are produced. Dr. Mitchell has shown fine discriminating judgment by completely dis severing the historical from the polemic.

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THE LATE MR. GEORGE S. MORISON<sup>18</sup> who died July 1, 1903, was mainly known by his great work as an engineer, but those who were personally acquainted with him knew him to be a man of unusual breadth of scholarship. His mind was as clear and direct as it was keen, and his ability to grasp general principles was so great that his intellectual power commanded the admiration of all who came in contact with him. Mr. Morison was an exceptionally pleasing writer, and as he took a lively interest in education he was called upon to make addresses on various occasions. In six addresses made during 1895-96-97, Mr. Morison developed the thought that a new epoch in the history of the world is being inaugurated by the "manufacture of power," by the substitution of mechanical for muscular force. The theme is not new, but in the little book containing these addresses Mr. Morison elaborated the thought in most delightful literary style and in a more suggestive manner than it has been presented elsewhere. The chapters of the book deal with Business, Capital, Government, Civil Engineering, the University, and Education. The book was put in form for publication in 1898, but withheld by the author, who seems to have hesitated to publish a book outside the field of his professional work. It was brought out by Mr. Morison's relatives subsequent to his death.

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MR. FREDERIC L. PAXSON'S "The Independence of the South-American Republics"<sup>19</sup> is a laudable piece of work; and timely, in view of recent events in Panama. The book is a study in American foreign policy, directed chiefly toward an analysis of the problems which arose in connection with the recognition of the independence of the Spanish colonies in South America. The

<sup>18</sup> The New Epoch, As Developed by the Manufacture of Power. Pp. 134. Price, 75 cents. Boston and New York: Houghton, Mifflin & Co., 1903.

<sup>19</sup> The Independence of the South-American Republics: A Study in Recognition and Foreign Policy. Pp. 264. Price, \$2.00. Philadelphia: Ferris & Leach. 1903.

wars waged for freedom by the various countries are treated briefly, but without due perspective. Perhaps it may be pleaded that the limitations of the work rendered this imperative. And it is to be lamented that the author saw fit to omit Mexico and Central America from his discussion, for it is not possible to write a comprehensive account of the diplomatic negotiations which arose when the power of Spain in America was prostrate, without taking into account Mexico. The book is the fruit of a good deal of original research, and is to be welcomed; for our stock of Spanish-American literature is all too meagre.

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"THE PERIL AND THE PRESERVATION OF THE HOME,"<sup>20</sup> by Jacob A. Riis, is thoroughly characteristic of that vigorous writer and agitator for social reform. The present book is not so original as some of his earlier volumes, indeed in considerable measure it repeats what they contain, illustrations as well as substance. It consists of the William L. Bull lectures, four in number, delivered early in 1903 before the Philadelphia Divinity School. Mr. Riis attacks the slum, which he considers the arch-enemy of the home, ably abetted, however, by the decline of family worship. He discusses the problem under the chapter heads, "Our Sins in the Past," "Our Fight for the Home," "Our Plight in the Present," and "Our Grip on the To-morrow." This book will be of particular value to those unacquainted with the writer's other works, but even his old readers are stimulated to better deeds after a period of contact with so enthusiastic and optimistic a social reformer.

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THERE ARE THOSE WHO believe that civic improvements can be approached more successfully from the standpoint of the "city beautiful" than from that of the "city economic" or the "city moral." Such a one is the author of "Modern Civic Art."<sup>21</sup> This book is addressed to laymen, to readers of advertisements, to those who are now annoyed by hideous public buildings, by narrow and dirty streets, to those who feel the need for open spaces and parks. The treatment is calculated not only to stimulate a desire for a more beautiful city, but what is more to the point, to inspire a belief that the city beautiful is within reach.

A reviewer might find much to criticise with regard to the author's use of English, his sweeping generalizations, the lack of sequence; but it is probable that the book is both easier to read and more interesting for its enthusiastic, conversational, almost intimate, style.

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"SCHOOL ADMINISTRATION IN MUNICIPAL GOVERNMENT"<sup>22</sup> is a study of the organization and general powers of school authorities in American

<sup>20</sup> Pp. 190. Price, \$1.00. Philadelphia: G. W. Jacobs & Co., 1903.

<sup>21</sup> By Charles Mulford Robinson. Pp. iv, 381. Price, \$2.50. New York: G. P. Putnam's Sons, 1903.

<sup>22</sup> By Frank Rollins, Ph. D. Pp. 106. Price, 75 cents. Columbia University Studies in Philosophy, Psychology and Education. New York: Macmillan Co., 1902.



cities. The conclusions regarding the best form of organization follow those of the committee of fifteen of the National Education Association and the plans advocated by the more advanced expert opinion in this field, namely, that a small board of not more than five or six, appointed by the mayor, is the best form of authority. Especial emphasis is also laid upon the work of professional experts in school administration as contrasted with that of unpaid, honorary officials. The author also contends that every class in the community should take part in the educational system, either by gifts of books, pictures, statuary, scientific apparatus, or by some assistance in making the school an evening social center.

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"THE SHIP OF STATE BY THOSE AT THE HELM"<sup>23</sup> is a series of interesting articles originally written for younger readers and now offered as separate chapters of a popular book on the national government. The articles are by prominent public officials, but are so general in character as to have little permanent value.

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THE DEDICATION OF ROSENBERG'S "Mazzini: The Prophet of the Religion of Humanity,"<sup>24</sup> to Jane Addams of Hull House, and the manner of eager loyalty with which the author presents Mazzini, indicate the vital interest which many social workers take in the propaganda of the Italian idealist-reformer. As the poetic exponent of brotherhood, they turn to him for stimulus, and his influence is continuous.

The author admires him as a pre-eminent humanitarian who chafed under the teachings of current dogmas concerning future rewards and punishments, holding that "the discovery of a new relation—that of the individual to humanity—may lay the foundation of a new religious bond" which should bring about the immediate earthly betterment of man. But a religion is a grave necessity, because in every epoch the earth has tended to conform itself to the heaven in which it then believed.

"He was not a single man," exclaims the author: "he was, he *is*, an epoch, a chapter in history!" Yet he was not a great writer, concludes Mr. Rosenberg, not a great philosopher, not a great economist, not even a great statesman, and though, like most prophets, he was not practical, and was somewhat obstinate, yet he spoke with such eloquence, earnestness and devotion that we cannot remain indifferent.

We read him little and understand him slightly because we are at present in a period of transition; but when we shall have passed through it, we will estimate more truly the religious concept of the great cosmopolitan.

<sup>23</sup> By Theodore Roosevelt and others. Pp. 264. Price, 75 cents. Boston: Ginn & Co., 1903.

<sup>24</sup> By Louis J. Rosenberg. Pp. 86. Price, 50 cents. Chicago: Charles H. Kerr & Co., 1903.

"THE POLITICAL HISTORY OF SLAVERY,"<sup>25</sup> by William Henry Smith, is not a scientific history of the institution slavery, but rather a history of politics in the United States from 1830 to 1870, written according to the method of the old-fashioned school of didactic historians. The work is one of very uneven merits. The early chapters are the unsuccessful work of a journalist turned historian. Dealing as he does with the period already covered by Rhodes and Burgess, and having much their point of view, the only contribution which the author makes is in showing the importance of Ohio and her leaders in shaping anti-slavery sentiment and policy; for instance, Brinkerhoff's authorship of the Wilmot Proviso and Corwin's influence as a Whig leader in 1848 and afterward. There are occasional misstatements of fact; for instance, that John Brown's raid "met with universal condemnation" in the North. In the Civil War period Mr. Smith gives a rather unsatisfactory, conventional treatment, though he makes excursions from the usual course here and there to describe the Brough campaign in Ohio with much detail, to praise Chase's financial administration as the very acme of perfection, and to paint Vallandigham's "treason" in the blackest of colors. The really valuable part of the work is confined mainly to the chapters on Reconstruction. Here the author writes from his own recollection, assisted by well-chosen documents. His account of the presidential campaign of 1868 is particularly valuable. The work is concluded with a chapter from the pen of John J. Halsey upon the "Failure of Reconstruction." This chapter deals in numerous generalizations, some of which are of doubtful validity. The chapter makes no contribution to knowledge. Mr. Smith and Mr. Halsey have each written from the same half-liberal Northern point of view. The one condemns the abolition agitation, but is far from approving the Southerners' aggressive protection of their vested rights; the other censures the reconstruction policy of the radical Republicans, yet fails to justify the Southern whites in their disfranchisement of the illiterate black masses when at length the opportunity was offered.

Mr. Smith's work would have been welcome as a magazine article upon Ohio's influence in the anti-slavery movement and a thin volume upon reconstruction. But as a work in two large volumes it has no justification. The question arises whether more than enough for the present has not already been published upon the "political history of slavery." What justification can there be for threshing over the same straw in the same old way and with the same old flail? An economic history of slavery, or an economic interpretation of its political history, would be of much value; but a new political history as such, with no spark of genius to enliven it, is a weariness.<sup>26</sup>

"ADMINISTRATION OF DEPENDENCIES,"<sup>27</sup> by Alpheus H. Snow, is an admirable discussion of the principles of colonial government of France,

<sup>25</sup> *A Political History of Slavery*. By William Henry Smith, with an Introduction by Whitelaw Reid. In two volumes. Pp. iv, 456, and xvi, 350. Price, \$4.50. New York: G. P. Putnam's Sons, 1903.

<sup>26</sup> Contributed by Ulrich B. Phillips. Ph. D., University of Wisconsin.

<sup>27</sup> *A Study of the Evolution of the Federal Empire, with Special Reference to American Colonial Problems*. Pp. vi, 619. Price, \$3.50. New York: G. P. Putnam's Sons.

England and America, with a view to showing the extent to which these principles were already clearly defined and generally accepted at the time of the framing of the American constitution. The author has been at great pains to examine all the more important data dealing directly with his thesis and exhibits throughout a fairness and desire for historical accuracy which inspire confidence. In conclusion, a good summary is given of American judicial decisions, including a number of the latest opinions of the Supreme Court dealing with the constitutional status of the new dependencies.

IN "HOW GEORGE ROGERS CLARK WON THE NORTHWEST,"<sup>28</sup> Mr. Thwaites has collected eight papers, the majority of which "were first delivered as lectures, and later, in a modified form, were printed either in popular magazines or in the *Wisconsin Historical Collections*." They are here "radically revised and brought down to date" (page vii). The subjects range from the familiar event suggested by the title page to matters of antiquarian interest in the stories of Mackinac and La Pointe. The account of George Rogers Clark is spirited and sympathetic. Mr. Thwaites finds it necessary to reject the most picturesque incident usually associated with the capture of Kaskaskia. "But I almost wish it were true," he adds regretfully, "for our often sombre Western history seems to need now and then a lurid touch like this" (page 30). The most extended and perhaps the most valuable of the papers is that devoted to the Black Hawk War. Mr. Thwaites presents an authoritative and, in important respects, a new version of the tragic episode. It is not a chapter to stir the pride of the white man. "Gross mismanagement, bad faith, and sheer heartlessness," it is declared, characterized his part in the contest (page 198). One paper treats of the division of the Northwest into States. Another supplies notes for a study of early lead-mining on the Upper Mississippi. Still another records impressions of a day on Braddock's road. The volume closes appropriately with an appreciative sketch of Lyman Copeland Draper and the Draper manuscripts.

The proofreader has allowed a few obvious errors to escape his attention. "January" for "February" (page 48), "south" for "north" (page 93), and "1823" for "1833" (page 194), are examples. The statement concerning land claims under the Pennsylvania and Virginia charters (page 5) seems to need slight qualification and there are some variations from generally accepted dates for which one would be glad to have authorities cited. The introductions to two of the papers (pages 75, 231) suggest a method of approach less felicitous than that ordinarily employed by the author. The important thing to record, however, is that we have here an admirable little book in a field not too much exploited by competent historians.

"THE STORY OF RAPID TRANSIT,"<sup>29</sup> by Beckles Willson, is a chatty narrative intended for such readers as are interested mainly in the curious and

<sup>28</sup> By Reuben Gold Thwaites. Pp. 378. Price, \$1.20. Chicago: A. C. McClurg & Co., 1903.

<sup>29</sup> Pp. 204. Price, \$1.00. New York: D. Appleton & Co., 1903.

wonderful facts of transportation. The "story" is incomplete, and the author has but slight appreciation of the relative importance of the facts presented. There are ten chapters, dealing respectively with the mail-coach, the first railways, steam navigation, the development of the railway, the telegraph, aerial navigation, the cable and telephone, the bicycle, motor carriages, and street railways.

RECENT YEARS have seen a marked improvement in historical textbooks, but few, if any, are better entitled to recognition than "The British Nation,"<sup>30</sup> by Professor Wrong, of the University of Toronto. It is a compact book of 600 pages, well supplied with maps, indexes, genealogical tables, etc. There are 291 illustrations, many of which are new and interesting and help to illumine the text. The title suggests the general view-point of the author, viz., that of Britain as the representative of many states, linked together by the sea, and built up and defended by her steadily growing sea-power. Following the lead of Green in his "Short History of the English People," and the marked tendency of our times, Professor Wrong gives one-third of the chapters to the social and industrial life of the people. These are often the most interesting parts of the history, and are free from the just criticism that might be passed on the chapters treating of political development, in which names and facts often are so crowded together as to constitute a real difficulty for immature students,—especially American students who have not grown up in an English atmosphere. (Cf. p. 207, "Lord Scrope, a relative of the archbishop executed by Henry IV, joined the Earl of Cambridge, the grandfather of Edward IV, who was to depose Henry's son, in a plot to put the young Earl of March on the throne.") The space wisely given to social life increases the task of bringing the political history within the remaining pages, but makes it imperative to sacrifice the less important events in order that the more important may stand out clearly.

In early Scottish history, the author has followed the traditional English view, and fails to make clear the distinction between the feudal vassalage which the Scottish kings owed for lands in England, and the vassalage which, under Henry II and Edward I, they owed for the kingdom of Scotland.

The history is treated by reigns, but these are grouped into periods, accompanied by a chapter on the civilization of the period, which gives unity to the work. Each chapter is prefaced by a statement of the general situation in Europe, and closed by a summary of dates in narrative form—the type indicating the relative importance of events.<sup>31</sup>

<sup>30</sup> *The British Nation*. By George M. Wrong, M. A., Professor of History in the University of Toronto. Pp. 600. New York. D. Appleton & Co., 1903.

<sup>31</sup> Contributed by Charles Truman Wyckoff, Ph.D.

REVIEWS

*The Adjustment of Wages.* A study of the iron and coal industries in Great Britain and America. By W. J. ASHLEY. Pp. xx, 362. Price, \$4.00. London and New York: Longmans, Green & Co., 1903.

In this book Professor Ashley has brought together eight lectures which were delivered at Manchester College, Oxford, during 1903. The special interest of the volume for the American reader lies in the author's discussion of the development of the United Mine Workers' Organization, the very interesting account of the several conflicts in which they engaged with their employers, and the resulting growth of the principle of conciliation and arbitration. His discussion of the anthracite problem is also of particular interest to the American reader. In addition to a review of the experience of Great Britain in arbitration and conciliation in the iron and coal trades, where he offers little that has not already been fully discussed by such writers as the Webbs, Professor Ashley presents some interesting conclusions. His argument is, on the whole, in favor of the principle of the sliding scale. He holds, with the bituminous operators of the United States, that it is far better for masters and men to work in harmony, and thus to profit at the expense of the consumer, than to bring about a system of wage payment which opens the door to unrestricted competition, and allows the consumer to profit at their expense. This point of view is very fully illustrated by the experience of both England and America. The recent course of events in the anthracite trade bears out the soundness of Professor Ashley's conclusions. By the award of the Anthracite Commission the scale of wages, based on the amount mined, is placed on a level of approximately fifty cents higher than that which prevailed before the strike of 1900. As a result the operators are forced to limit production and thus to maintain prices. It is true that the limitation of output, no matter what the agreement with their laborers may be, is to the operators' interest, and they have attempted to follow this plan in former years by mutual agreements, all of which, however, have broken down until replaced by the community of interest principle which now dominates their policy. It may be questioned, however, even with the close financial alliance which now prevails among the leading anthracite companies, whether they could maintain restriction agreements were it not for the imperative necessity which a wage rate fixed for three years and based upon the price of coal imposes upon them. The recent revelations in the building trades of alliances between the union and the contractors offers further proof of the soundness of Professor Ashley's reasoning. In so clearly developing the identity of the business interests of employer and employee, Professor Ashley has rendered a distinct service to both classes.

His attitude on the legal position of trades unions is not so clear. He holds that the law upon this subject is not yet clearly defined and advocates the appointment of a commission to consider the entire subject. On the whole, we gather from his discussion that he favors the incorporation of trades unions with the qualification that their liability shall be limited to the



enforcement upon them of the decisions of arbitration boards, or of agreements with their employers.

Not the least valuable portion of the book is the material contained in the appendix. The author has earned the gratitude of students of the subject by collecting a very admirable bibliography contained in the appendix, and in the voluminous footnotes with which he has carefully supported every statement, the rules of the conciliation boards in the iron and coal trades of Great Britain, the joint agreements and scales in the iron and coal trades of the United States, and a large part of the material relating to the United States contained in the Report of the Industrial Commission. The appendix also contains a portion of the correspondence leading up to the appointment of the Anthracite Arbitration Commission and the awards of that Commission. Another admirable feature of the volume is a series of four maps, showing the coal fields of Great Britain, the coal land actually worked in the leading coal-producing States of the United States, the railroads entering the anthracite fields in Pennsylvania, and the ownership of the anthracite coal lands of Pennsylvania.

Professor Ashley has done his work with great care, and in spite of his modest disclaimer to having contributed anything new to the discussion of the labor question, it cannot be doubted that he has not only done this, but has further presented a mass of materials from which subsequent investigators cannot fail to profit.

EDWARD SHERWOOD MEADE.

*University of Pennsylvania.*

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*The Place of Industries in Elementary Education.* By KATHARINE ELIZABETH DOPP. Pp. vi, 208. Price, \$1.00. Chicago: University of Chicago Press, 1903.

Books on education are not good reading. We pick them up from a sense of duty and find them full of commonplaces and hackneyed expressions that in other fields are constantly displaced by the advance of science. This book, however, deserves study because of the freshness of its thought. Its appearance indicates that educators are becoming conscious of the relation of their subject to other sciences. Miss Dopp ought, therefore, to exert an influence in broadening the viewpoint of her co-workers even if some of her doctrines rest on an inadequate basis. To show the connection of education with the other sciences is more important than to be right in the individual doctrines advanced. It is also a distinct service to bring together from widely scattered sources the significant facts about the Aryan peoples. I know of no other book in which so much of our racial history is comprised in so small a place and stated so clearly. Even if the book should be considered as purely historical, the reader will find valuable material at hand.

The scheme of education unfolded by Miss Dopp can be readily comprehended. The physical attitudes of a race are the outcome of the situations in which the race has lived. Each epoch has brought about certain interactions between man and his environment which, if long continued, are

transformed into natural character that becomes a part of the physical heredity. They exist, dormant or active, in every individual and can be evoked by the use of proper stimuli. The newer interactions between man and the environment are also inherited, but this inheritance is not physical. Long before an activity has time to turn itself into a natural character it influences the social environment and is thus inherited through modified institutions, traditions, customs and habits. Each generation acquires from the preceding this social environment, and it is as potent as is the physical heredity of each child in determining its activities and interests. In the child there is present not merely the original attitudes of the remoter and long-continued periods, but also many newer attitudes due to the recent activities that as yet modify men only through their social heredity. He is born with nothing but his physical heredity; not until he comes into conscious contact with society does he comprehend and begin to assimilate social heredity. In his education, therefore, it is wrong to impress first the contents of social heredity which will tend to overlay the natural attitudes of his physical heredity. The industries of primitive races are the best means of education, since primitive activities are those which have been most thoroughly transformed into natural traits. The history of our race thus gives the order in which education should proceed.

Miss Dopp believes the instinct to work to be one of the fundamental and permanent possessions of mankind; in her second chapter, "The Significance of Industrial Epochs," she unfolds the well-known doctrine of culture epochs, and holds that the growing child traverses them in sequence, finding within himself as he goes the pleasurable reaction natural to each one. Man's history began with the hunting stage, followed by the fishing, pastoral and agricultural stages. Then came the age of metals, the age of travel and trade, the city, state and the feudal system. Each has been the source of natural aptitudes which appear in every normal child. The handicraft and the factory systems are now a part of social heredity, but have not had time to affect physical heredity. They cannot, therefore, evoke any natural reactions, and hence are of little use during the earlier stages of a child's development, when he is repeating the history of the race.

The difference between social and physical heredity is of prime importance, as is also the fact that the later activities developed by the handicraft and factory systems, have as yet affected men only through their social heredity. But it does not follow that the natural characters produced by primitive industries are a part of our physical heredity. It is easy to arrange the history of the race under the title of Aryan development and so maintain that our ancestors went through each stage of it. There is, however, scant evidence to support the thesis, and even if there were it would hardly meet the present educational problem, because so many of our people are not of pure Aryan ancestry. Just as a distinction has been drawn between social and physical heredity, so must one be drawn between cultural and physical ancestors. Our cultural ancestors are such nations as Rome and Greece, who have made the civilization we enjoy, although they represent but a small part of mankind, their people having been short-lived and their descendants

too few to have modified our physical heredity. But the younger races have inherited socially what they have not physically earned, and hence our social heredity is superior to our physical. Our physical ancestors not many centuries ago either belonged to the subject races to whom progress was impossible or they existed in parts of the world beyond the scope of advancing industry.

The movement of the subject races into the Aryan sphere is now being illustrated by the incorporation of the negro into American civilization. Although they are gradually acquiring our social heredity, their ancestors took no part in the struggle that elevated the Aryans, nor did they enter any contest through which the natural reactions of the Aryans were evoked. They come with a defective physical heredity, and Miss Dopp would probably admit that there is no hope of arousing in them natural reactions suitable to Aryan culture. The instinct of workmanship must be created in them; they lack natural reactions in this field. Our present industrial population acquired Aryan culture in a similar way. Their physical ancestors did not participate in the epoch of handicrafts, to say nothing of the earlier stages of Aryan progress. It is well known that at the opening of the present industrial epoch the unskilled laborers of the villages displaced the skilled workmen of the towns. If artisans of the earlier epoch left descendants, they are now among the capitalists and not among the laborers. This displacement has gone on during every great industrial change and is the result of all conquests. The superiors pass into the leisure class and in the end die out. Only the inferiors or the undeveloped hold their own and pass their crude heredity down to their descendants.

There is thus a gap between the attitudes which our social heredity demands and those we really inherit. Our physical inheritance is much more meager than our social inheritance. Many natural reactions that should have come with our cultural development are lacking, because our culture was imposed on our ancestors and not built up by them. The instincts and reactions of industrial life are lacking and cannot be aroused by giving children the tools and occupations their cultural ancestors found advantageous. There is no deep-seated instinct for workmanship, there is no urgent demand for constructive activity except as it is called forth by our social heredity. The children of laborers must be incorporated into a civilization developed without their ancestors' aid. Their instincts prompt them to recoil from the new culture; their emotions draw them towards it, rousing desires that work alone will satisfy. Any scheme for their betterment must act on desires before it can affect men's activity. We must, therefore, influence lower races through new desires and new standards of living. A favorable social attitude towards work must precede the rise of instinctive reactions favoring it. I would say therefore that children should be put in touch with the best of our social heredity before we attempt to develop natural reactions suitable to our present industrial activities. We must appeal first to the emotions, due to an imposed culture, and then to the instincts which the creation of this culture develops.

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SIMON N. PATTEN.

*L'industrie dans la Grèce ancienne.* By HENRI FRANCOTTE. Two volumes, pp. viii, 343, and vi, 376. Bruxelles: Société belge de Librairie.

Professor Francotte's scholarly work won the prize offered, a few years ago, by the Royal Academy of Belgium for the best study of "the organization of private industry and public works in ancient Greece, from the legal, economic and social points of view." No greater praise can be bestowed upon these volumes than to say,—what is perfectly within the truth,—that they deserve a place side by side with the work of such eminent scholars as Boeckh and Eduard Meyer.

The commonly accepted theory of economic evolution emphasizes the thought, first clearly set forth by Rodbertus, that the economic organization of antiquity was based on the autonomous family or household, which produced all that its members required and which depended on other producers only for a very few objects. This doctrine has since been vigorously developed by Bücher, and quite as vigorously attacked by Eduard Meyer, who maintains that the Greeks had an extensive commerce and an elaborate system of industrial specialization and exchange. The present writer occupies a position midway between these two extremes; he holds that the doctrine of Rodbertus and Bücher is too rigid and absolute.

The first chapters contain a discussion of the rise of commercial and industrial centers,—of Corinth, Athens and Delos. At Corinth and Delos, commerce was more important than industry. Athens was an industrial center. But all three cities were primarily agricultural. Subsequent chapters take up exports and imports, population, the ethical ideas concerning labor and laborers, domestic industry, the systems of remunerating labor, the real value of wages, slave competition, public works, labor legislation, and plans for social reform.

The author reaches the conclusion that there were undoubtedly independent industries in Greece, but certainly no large-scale production, no "large manufactures," such as some modern authors have seen fit to discover in antiquity. Greek industry did not pass beyond the purely embryonic stage, except in those few branches of production in which industry was allied with art. For ordinary products, each city was sufficient unto itself under ordinary circumstances, the cost of transportation for such goods exceeding their selling price. Artistic labor had to be applied to goods in order to impart exceptional beauty and sufficient value to justify transportation. The Greeks were fortunate enough, from the standpoint of posterity at least, to manufacture only things of beauty.

Particularly interesting are the author's investigations with regard to the wealth of the Greeks and the uses to which this wealth was put. The commerce of Athens appears to have been largely in the hands of foreigners; yet both foreigners and Athenians were accustomed to the loan of their wealth. Commerce, in fact, cannot develop without institutions of credit; it is natural, therefore, to find frequent mention of bankers among the Athenians. Most of them belonged to the class of liberated slaves and the banking personnel was recruited from among the slaves. The principal banking

function was making loans, usually guaranteed by mortgages or tangible pledges of some sort.

The whole book is characterized not so much by absolute dogmatic conclusions as by an exceedingly careful examination of all the possible sources of information regarding the business life of the ancient Greeks; not so much by sweeping generalizations like those of Rodbertus and Bücher, as by the constant and conscientious endeavor to picture the material life of the Greeks in all its peculiar complexity and variety. It furnishes the reader with a complete tableau of classic Greek economics and produces the impression of careful research and brilliant analysis.

C. W. A. VEDITZ.

*Bates College.*

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*Actual Government as Applied under American Conditions.* By ALBERT BUSHNELL HART, LL. D. Pp. xxxiv, 599. Price, \$2.00. New York: Longmans, Green & Co., 1903.

This is the latest and, in some respects, the most valuable contribution to the recent output of high-class text-book literature on American government of which the manuals of Ashley and Woodburn are the other most notable examples. The volume under review represents a distinct departure from the conventional text-book on civil government in that it emphasizes, first of all, the actual workings and functions of government rather than the structure and machinery. It brings to the front what may be called the *personal* element in government, a feature which adds interest and vitality to the treatment of the subject. Again, our federal system is not treated as though it consisted of two entirely separate governments, one national, the other local, but as integral parts of one system, each as important in the general mechanism as the other. Finally, the historical element is interwoven with the descriptive in a manner which leaves hardly a dull or uninteresting page in the book. Perhaps the feature that most impresses the reader is its encyclopedic character. Certainly no book of the kind has yet appeared which contains in so compact a form such a vast range of information on so many phases of American government. Hardly any aspect of government activity is left undiscussed. Besides the usual discussion of the structure and operation of government, there are special chapters on such topics as the organization of commerce, transportation, education, religion and public morals, public order, land and landholding, boundaries and annexations, territories and colonies, taxation, public finance, foreign intercourse and commerce, suffrage and elections, the physical basis of government, etc., etc. To each chapter is prefixed a list of classified references, while a general bibliography is placed at the beginning, both features adding greatly to the value of the work. Unfortunately, however, the work otherwise so valuable is marred by evidences of apparent haste in preparation, which has led the author into a good many inaccuracies of statement. Some of these may be noted. On page 16, and again on page 494, the date of the fourteenth amendment is given as 1870, while on pages 31 and 69 it is given as 1868. On page 17, the



statement is made that no member of an Indian tribe can acquire citizenship by naturalization, whereas the Supreme Court, in the case of *Elk vs. Wilkins*, held that it could be acquired in no other way. On page 69, the statement is made that the suffrage was conferred upon the negro in most of the Southern States by "reorganized legislatures in 1865-66," which is not true. Suffrage was first conferred on the negroes by the reconstruction acts and was first exercised in the autumn of 1867 in the State elections for delegates to the constitutional conventions called by the military commanders. On page 75, we are told that since 1841 all the States are by an act of Congress compelled to vote for members of Congress and presidential electors on Tuesday after the first Monday in November. This day was fixed for all the States by an act of Congress passed in 1872, but was amended three years later so as to exempt from its effect those States whose constitutions prescribed a different day. At the present time representatives in Congress are chosen in Oregon and Vermont in June, and in Maine in September. It is misleading to say, as is done on page 262, that presidential electors were chosen in Colorado by the legislature as late as 1876, when in reality it was the first time they were chosen there by any method, and the choice was assumed by the legislature because of insufficient time to provide for popular choice of the electors between the date of the admission of the State to the Union and the date of the presidential election. On the same page, the statement is made that Michigan tried the district method of choosing electors in 1896, whereas the year was 1892. On the following page (263), it is stated that the electoral colleges meet in their respective States on the first Wednesday in January. By the act of 1887, this date was fixed as the second Monday in January. On page 313, in discussing the liability of States to suit in the Federal Courts, the statement is made that the Supreme Court held, in the Virginia coupon cases, that a suit against the State Treasurer to compel him to receive certain coupons in payment of taxes was in effect a suit against the State, and, therefore, contrary to the eleventh amendment. This is an error. It was held in *Poindexter vs. Greenhow*, one of the Virginia coupon cases, that where the officer acts as such under color of an unconstitutional law and invades rights acquired under contract with the State, he is not clothed with the authority of the State and cannot plead that a suit against him is a suit against the State. To set up such a defense he must show that he acted under a valid law. On page 495 it is stated that the Supreme Court held in 1871 and 1884 that the issue of legal-tender notes was constitutional *even in time of peace*. The Court undoubtedly took this advanced ground in the case of *Julliard against Greenman* in 1884, but in the earlier case the right was upheld only as a war measure, and nothing was said about the right of Congress to exercise such power in time of peace. On page 497 it is stated that the ratio between gold and silver was changed by an act of Congress in 1832 to 16½ to 1. Both the date and the ratio are wrong. The year was 1834, and the ratio 16 to 1. Finally, on page 508, it is stated that the rate of letter postage was reduced in 1853 to three cents, and in 1885 to two cents, whereas the dates were 1863 and 1883 respectively. Such are some of the inaccuracies

noticed from a hasty reading of the book. Happily, most of them are errors of minor importance, but they indicate a hurry of preparation which text-book writers would do well to guard against. Apart from this, Professor Hart's book is a unique and valuable contribution to the literature of civil government in the United States.

JAMES WILFORD GARNER.

University of Pennsylvania.

*Lavissee: Histoire de France*, Vol. I, Part 1, *Tableau de la Géographie de la France*. By P. VIDAL DE LA BLACHE. Pp. 395. Vol. II, Part 1, *Le Christianisme, Les Barbares Mérovingiens et Carolingiens*. By BAYET, PFISTER and KLEINCLAUSZ. Pp. 444. Paris: Hachette, 1903.

In the first section, *Personnalité Géographique de la France*, the author treats of the form and structure of France, the influence of the Mediterranean and of the neighboring countries, and the physiognomy in general. The second section, which comprises four-fifths of the volume, is a description of the individual portions. There is an abundance of excellent maps and figures. The treatment is based upon the latest researches, and is masterly. The concise statements, the scientific exactitude, and the delightful characterizations of the various sections, are equally admirable.

The author connects the geography and history of France in a most illuminating manner; but he realizes fully the action of history upon the relations between man and the soil which he inhabits. The latter point is brought out especially well in the conclusion, where he shows the way in which the centralization of the French monarchy interfered with the material development of France.

The maps on pages 378, 379 and 382, showing respectively the Roman roads, the post roads at the end of the eighteenth century, and the principal railroads at the present day, are especially instructive.

His hints as to the possibility of developments in France, because of changes now taking place, are very interesting. "*L'histoire de notre pays nous fait assister à un riche développement de dons variés, mais elle ne nous fournit qu'une traduction incomplète des aptitudes de la France. Nos générations auraient tort de se complaire au spectacle du passé au point d'oublier que dans nos montagnes, nos fleuves, nos mers, dans l'ensemble géographique qui se résume dans le mot France, bien des énergies attendent encore leur tour.*" "*L'étude attentive de ce qui est fixe et permanent dans les conditions géographiques de la France, doit être ou devenir plus que jamais notre guide.*"

We regret that there is no separate index for this portion. Of course, there will be a general index when the whole work is concluded, but a special index for this geographical tableau would be more serviceable.

The second volume is an instance of remarkably successful coöperative work. M. Bayet contributes Book I, *Le Christianisme et les Germains en Gaule*, and Chapter V of Book II, on *L'Eglise, Les Lettres, Les Arts* of the Merovingian period. M. Pfister writes the other chapters of Book II on the Merovingian period, and, in addition, Chapters VI and VII of the Third

Book on "the last Carolingians" and "the Origins of the Feudal Régime." M. Kleinclausz, who last year published his work on *L'Empire Carolingien*, has the same subject here.

Although necessarily separated in the chronological make-up of the book, M. Bayet's and M. Pfister's contributions form logical unities. The chapter on the Merovingian Church supplements naturally the account of the early Church. In M. Pfister's work, his chapter on Merovingian institutions and the origins of feudalism might almost be brought together under the latter title and published apart from the context.

Now that more than half of this history has been published, it has come to be almost a work of supererogation to praise the individual parts. Yet in this volume one may well become enthusiastic over the qualities common to all three—the delightful style, the skillful use and embodiment of passages from the original sources, and the carefully selected bibliographical notes. In this volume, too, there is a considerable number of notes discussing disputed points. Some other volumes have been deficient in this respect. Even here M. Bayet accepts the Edict of Milan (page 11) without suggesting that its authenticity has been questioned; and (page 13) he makes pagans equivalent to peasants in the fourth century, and both words derived from *paganī*, without a hint that this idea does not now command universal approval. Occasionally there are other statements which are open to discussion, but this is due generally to the fact that for these events the sources are few and unsatisfactory, so that the statements must rest upon skillful deductions rather than assured facts.

The volume as a whole has unusual excellence; possibly the parts that will prove most interesting to students are the chapter on the Carolingian Civilization, by M. Kleinclausz; the Origins of Feudalism, by M. Pfister, and the section on *Les Lettres* (pp. 243-251), by M. Bayet, although many will doubtless enjoy the latter's *L'Evangélisation de la Gaule*.

In conclusion, we may congratulate ourselves that this history is now complete for the whole of the Middle Ages. It has fulfilled its early promise of superseding all other histories of France.

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*An Introduction to the History of Western Europe.* By JAMES HARVEY ROBINSON, Professor of History in Columbia University. Pp. x, 714. Price, \$1.60. Boston: Ginn & Co., 1903.

Professor Robinson's text-book in medieval and modern European history marks a distinct advance in American historical text-book writing in the general European field, and there seems to be no good reason why the author's manifest intention to invade England should not be realized. The book is "Entered at Stationers' Hall." It has striking merits and its defects are, relatively, minor.

The conspicuous merit of the book is its interpretative character; it is an explanatory history and not simply a narrative history. Events, con-

ditions and institutions are presented in such a way that the average student can hardly avoid learning what it is all about.

This particular merit of the book is conditioned upon a steady effort to pass over, or present merely the fruits of, the lesser movements and devote attention to men and matters of prime importance. The most marked instance of the success of Professor Robinson in this work of perspective is his treatment of the church, especially the medieval church, which is scholarly, fair-minded and illuminating. The all-embracing activities, the *universal* aspects of the medieval church are most skilfully presented.

Now and then, however, the author fails to keep his work up to this high level. His treatment of the Crusades is, relatively, half-hearted and inadequate. In fact, his general ignoring of Byzantine affairs is a blemish, and the title of the text-book is no sufficient apology. Unfavorable criticism must be passed, also, upon the author's chapters on England, not because of their brevity—they are even too full of detail—but because of their general lifelessness and relative inferiority. They are confessedly based upon two of the older treatises (preface, page iv), and their preparation probably, with justice, bored the author. In his treatment of the Italian Renaissance, Professor Robinson appears to some extent to have forgotten his explanatory rôle. The average student will fail to grasp adequately the meaning and significance of the whole Renaissance movement, more especially its history beyond the Alps. The extra-Italian Renaissance is not treated in a separate chapter, as it should be, but is scatteringly dealt with in several sections of the book. On the other hand, nothing but gratitude should be felt for the author's heroic abandonment of the Germanies of the fourteenth and fifteenth centuries. Their history is most properly summarized at the opening of the chapter on the sixteenth century.

In surveying the proportions of the book, as a whole, much satisfaction will be felt, although it is hardly possible to avoid the conclusion that the latter part of it suffers from undue compression. The Lutheran revolt, to be sure, is treated with the utmost generosity, but the revolt of the Netherlands clearly lacks space, and the great Elector surely is entitled to more than some half-dozen lines. The problem of proportion is, however, most difficult, and Professor Robinson has offered a good solution.

Of distinctly minor importance, because easily corrigible in subsequent editions, are many slight errors of omission and commission. For example, Ponthieu, one of the English possessions on the continent, 1360, is omitted in the text, although indicated on the map (page 257). This holds true of the Channel Islands also. Nor is it consistent, to say the least, to assert that the French king "never admitted that he had not the right to levy taxes if he wished without consulting his subjects" (page 286), and to characterize, a few pages below, the Estates' agreement to the *taille* of 1439 as a fatal concession (page 299). Moreover, the *taille* of 1439 was not increased, as asserted, but was soon dropped, a royal *taille* having been imposed.

The book reads well. The style is kept well in hand, there are only a few sentences which need ironing out and only a few colloquialisms like

"pretty much all of southern France" (page 126). The book will prove very helpful to the man in active life, but it will be especially valuable to the college student. Its best use demands the association of lectures and outside reading, the book itself serving as the guiding thread. The "Readings in European History," designed to accompany the history, will, when published, accentuate its usefulness. The text-book is bound to make rapid conquests in colleges and universities, where, at present, it cannot encounter impregnable opposition. It is of college grade and should not be pushed into the high schools.

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## NOTES

### I. MUNICIPAL GOVERNMENT

#### AMERICAN CITIES

**New York City.—Tenement House Report.** The report of the Tenement House Commissioner, Robert W. de Forest, contains a record of the splendid work carried on by the department during the year. The scope of the work done is well described in a summarized statement issued by the department.

"On January 1, 1902, a new department of the city government, known as the Tenement House Department, was created. Since that time all the tenement houses in New York have been examined and their condition ascertained.

"Tenement conditions in many instances have been found to be so bad as to be indescribable in print; vile privies and privy sinks; foul cellars full of rubbish, in many cases of garbage and decomposing fecal matter; dilapidated and dangerous stairs; plumbing pipes containing large holes, emitting sewer gas throughout the houses; rooms so dark that one cannot see the people in them; cellars occupied as sleeping-places; dangerous bakeries without proper protection in case of fire; pigs, goats, horses and other animals kept in cellars; dangerous old fire-traps without fire-escapes; disease-breeding rags and junk stored in tenement houses; halls kept dark at night, endangering the lives and safety of the occupants; buildings without adequate water-supply—the list might be added to almost indefinitely. The cleansing of the Augean stables was a small task compared to the cleansing of New York's 82,000 tenement houses, occupied by nearly three millions of people representing every nationality and every degree in the social scale. The task that confronted the department was not, however, limited to this. Without organization, without employees, with all its problems before it, it was on the very day that it came into existence confronted with an organized and vigorous attack in the legislature upon the fundamental principles of the law for whose enforcement it was created.

"Without previous records, with almost no information in regard to the condition of the existing tenement houses, it was called upon to carry out an important and far-reaching scheme for their improvement, involving the structural alteration of over 40,000 buildings.

"In the period under consideration in this report a new branch of the city government has been organized, its machinery created and a force of about 400 employees trained, disciplined and educated; far-reaching and important advances in legislation have been secured as a result of the department's action, and radical and vicious attempts to break down the tenement laws defeated. Living accommodations for 16,768 families, or 83,840 persons, have been provided in sanitary, comfortable and decent houses, each

one of which has been built according to law; notorious evasion of and non-compliance with the laws have given place to their complete, uniform and impartial enforcement; the evil of prostitution has been practically abolished in the tenement houses; 337,246 inspections have been made; 55,055 violations filed; 21,584 repairs made to plumbing; 13,617 water-closets cleaned; 11,611 accumulations of filth removed from cellars and other parts of such buildings; 13,732 ceilings cleaned; 15,364 walls cleaned; 10,060 unsafe wooden floors removed from iron fire-escapes and new iron floors substituted; 1,701 fire-escapes erected on buildings that before were without this protection. The registration of 44,500 owners' names has been secured, thus fixing the responsibility for bad conditions in the tenements; contagious disease has been checked and prevented; 32,825 citizens' complaints have been investigated and the conditions complained of remedied; and an important tabulation and presentation of the population in every tenement-house block in the borough of Manhattan has been prepared that will be of incalculable value to the city.

"The existing tenement houses have been frequently and systematically inspected; foul cellars have had the accumulated filth of years removed; defective and unsanitary plumbing which has apparently existed for long periods has been remedied; houses unfit for human habitation vacated; hundreds of houses have been radically reconstructed and improved; light has been let into dark rooms; vile yard privies and privy sinks have been removed and the whole sanitary condition of the city raised to a higher standard. The results of this work are clearly reflected in the reduced death-rate, which in 1902 was 18.7 as compared with 20.0 in 1901, and in the first eight months of 1903 has been reduced to 18.0."

*Passenger Transportation.*<sup>1</sup> In response to the popular agitation for better car service begun by the suburban population of New York during the closing months of 1902, much has been done by the rapid transit companies to improve the means of communication with the business centers. The enlargement of the transfer system, together with the opening of new lines, and the increased number of cars operated, have relieved, in a measure, the extreme overcrowding of the surface lines. The new cars which the Board of Railroad Commissioners<sup>2</sup> directed the companies to put on are nearly all in service, and many of the old cars have been remodeled. A more definite time schedule has also been introduced, thus insuring a higher degree of safety and comfort to every passenger. However, many of the stations are too small, and are kept in an unsanitary condition, wider and more direct stairways being needed. At present the attention of the traveling public is directed toward the inadequacy of the street-car service. During the rush hour, above 30 per cent of the passengers on the Lexington avenue line are compelled to stand. Although the percentage of standing passengers on other lines is somewhat less, the overcrowding is sufficient to cause great inconvenience to all passengers.

<sup>1</sup> Communication from W. W. Pierson, Chicago, Ill.

<sup>2</sup> Report in the Matter of the Transportation Problem in Greater New York Before the Board of Railroad Commissioners of the State of New York, Albany, June 30, 1903.

Vehicular traffic, standing vehicles, and building operations that are allowed to encroach upon the street are the greatest obstacles to a more efficient service, although a strict enforcement of the ordinances already enacted by the city would obviate this difficulty. The Report of the Merchants' Association of New York<sup>3</sup> shows conclusively that more cars of a larger type, if equipped with a power brake, could be handled with safety over all the lines.

The subway system<sup>4</sup> presents a better and more commodious means of transportation, and to it the public must look for a solution of the present transportation problem. As regards surface traction, the city has been exploited by private interest, but underground New York is still under complete municipal control. If permanent relief from present abuses is to be expected from this source, the city must exercise careful control over any franchises that may be granted to subway companies through its ability to lease or operate as it may see fit. The competition which such an underground system would occasion would bring the syndicates in control of the surface lines to their knees. Until the city exercises adequate control, the present evils will continue to exist. The difficulty of the problem lies in the fact that transportation facilities have not kept pace with the increase of population.

**Cleveland.**<sup>5</sup>—*Municipal Ownership.* At the election of November 3 there were submitted to the voters six proposals for the issuance of bonds. Five of these proposals looked to the erection of bridges and the improvement and extension of streets, parks and boulevards. The sixth provides for the issuance of bonds "in the sum of \$400,000 for the purpose of erecting electric light works and for supplying light to the corporation and the inhabitants thereof." 24,328 votes were cast in favor of the proposition and 30,501 against it. The statutes require, for the approval of bond issues, an affirmative vote of two-thirds of all those voting on the proposition.

Various causes have been assigned for the decisive condemnation of this measure. A consideration which did not go to the merits of the question of municipal ownership, but which doubtless contributed to the result, was the fact that the proposed electric light works were intended to supply but one section of the city, while the bonds would be a lien upon all property. Nor would the fund realized from this bond issue have been sufficient fully to equip a plant. A large additional issue would subsequently have been called for. The city was flooded with literature maintaining that such a move would be inexpedient, costly and ill-timed. Furthermore, it is doubtful if sentiment in this city is so pronouncedly in favor of the principle of municipal ownership as in many other of our cities. The measure was also,

<sup>3</sup> Passenger Transportation Service in the City of New York. A Report to the Merchants' Association of New York by Its Committee on Engineering and Sanitation. Merchants' Association of New York, September, 1903.

<sup>4</sup> Report on Passenger Transportation System of New York by "City Plan Committee" of Municipal Art Society. Bulletin No. 3.

<sup>5</sup> Communication of F. E. Stevens, Esq., Secretary Municipal Association, Cleveland, Ohio.



to a great extent, a party issue and shared the defeat of the party advocating it.

*Profitable Use of Water Meters.* Cleveland's water-works system is owned by the city. During the past two years great economies in operation have been effected through the installation of water meters. A peculiarity attaching to this new economy of management is that it is satisfactory both from the point of view of the department and also from that of the consumer. The inauguration of this enterprise was largely inspired by Professor E. W. Bemis, superintendent of the water works, and it has been carried on under his supervision.

During the twenty-six years prior to 1902, nearly all the business premises, but the business premises alone, were supplied with meters, making a total at the close of 1901 of 3,540 meters out of 55,130 "services." The consumption of water was, however, increasing much faster than the population. While the population increased 46 per cent during the period from 1891 to 1901, the pumpage of water had increased 150 per cent. The per capita consumption had increased from 111 gallons per day to 169 gallons. Among the reasons which led to the conclusion that the adoption of a meter system was advisable, was the belief that there was an enormous waste of water; that the cost of purchasing and placing meters would be much less than the cost of extensions of the water-works system, including new pumps, additional tunnels under the lake, etc., and the realization that fairness demanded that consumers should pay in proportion to the amount consumed. Two years' experience has demonstrated that the first two beliefs were justified. The third belief needed no substantiation from the argument of experience. During 1902, 7,739 meters were set. During the first ten months of 1903 11,938 meters were set. On the first of November of 1903 the city had metered 23,000 out of 58,000 connections in use.

The efficacy of meters in the reduction of waste is demonstrated by the following figures: In 1894 the department pumped 32.5 per cent more water than in 1891; in 1897 the pumpage was 22.5 per cent more than in 1894; in 1900 it was 38.7 per cent more than in 1897. But during the first ten months of 1903 it was 7.5 per cent less than in 1900, making a difference in favor of this last period of more than 45 per cent. Records of the department indicate that the per capita consumption this year will be under 145 as compared with 169 in 1901. The receipts of the department show a large gain. This arises principally from the fact that while the small consumer has been paying less for the service, the large consumer has been paying for what he has received. The plan is operated under a system of minimum rates. For example,—those whose assessment rate was formerly \$7.00 per year must pay \$4.00. The use of meters has not, as might at first be supposed, encouraged a niggardly and unsanitary economy in the use of water. The \$4.00 minimum permits the use of seven barrels of water per day. The rate for water consumed in excess of the amount allowed by the minimum rate is 5½ cents per thousand gallons, or six barrels for one cent. The economy has been effected by the stoppage of waste. The placing of meters is compulsory, but it is done at the expense of the city.

**Denver Franchises.**<sup>6</sup>—The people of Denver have a special interest in the subject of franchises granted to companies controlling public utilities. Conditions are such that the public may suffer as much—if not more—than the corporations. Denver is a composite city; its various units in the days of their independence granted a variety of franchises covering the more important utilities. But, as the city consolidated, there was a reorganization and consolidation of the companies holding these franchises. One company now owns all the gas and electric-lighting franchises; another, the water; and a third, the street railway. There is, however, uniformity in the water and tramway franchises to the extent that they are limited as to time and space. The water franchises will expire by 1910, and the tramway by 1911. The companies owning these franchises are permitted to enter specific streets and alleys; any extension must be by special vote of the council for specified places. The electric light company claims an unlimited franchise for the whole city of Denver, yet it will require a decision of the court to determine its rights.

The Rush amendment to the constitution of Colorado, which attempts to guarantee municipal home-rule, provides for a charter convention of twenty-one members who must prepare, and submit to the people, a charter that requires all franchises, "relating to any street, alley or public place," to be submitted to "a vote of the qualified taxpaying electors," after the company has deposited with the treasurer the estimated cost of the election. One charter carrying this requirement to a logical extreme has been overwhelmingly defeated, but no charter that omits this requirement can be submitted to the people. When the charter is finally adopted, the companies will not ask for extension of franchises unless the people to be benefited pay the expenses of an election, which will be a great burden in a city of 175,000 people. The natural outcome will be, the growth of the city will at once be limited to streets along which the companies already possess rights. The suburban parts will suffer most.

The object of the author of the Rush amendment seems to have been to make it easy to force municipal ownership of utilities. The first proposed charter carried out this idea by making private ownership as precarious as possible. The charter was defeated by the combined interests of the present office-holders, who hold over until the new charter goes into effect, the whiskey interests and the corporations. Yet it is evident that municipal ownership is losing ground with the independent, thinking voters. This is shown by the editorials of the papers that support municipal ownership, and the publications of the "Non-Partisan Charter League."

**Cuba.**—*Municipal Affairs.*<sup>7</sup> Title 12 of the constitution of Cuba provides for the reorganization of the municipalities of the island. The first important change provided for is the separation of the legislative and executive powers, the mayor no longer being a member of the municipal council. As regards municipal functions, article 105 of the constitution gives to the

<sup>6</sup> Communication of Professor Frank H. H. Roberts, University of Denver, Denver, Col.

<sup>7</sup> Communication of Hon. F. Carrera y Justiz, Havana, Cuba.

municipalities the right to exercise all functions relating exclusively to the interests of the municipality. In this regard the Cuban constitution follows the system of Continental Europe, namely, that of not attempting to enumerate the powers of the municipalities.

According to articles 103 and 104 of the constitution, the only elective officers of the municipality are the mayor and the members of the council. There is, therefore, no attempt to provide for elective heads of departments as in many cities of the United States. All such administrative officers are appointed by the mayor and council. This system has the very grave defect of dividing responsibility. The logical plan would be to give to the mayor the appointment of all executive officers. Under the Cuban system there are no special municipal charters; although this does not prevent local variations within the limits of the framework of the government prescribed by the constitution, namely, an elective mayor and council.

At the present time the legislature of Cuba is formulating a new municipal law, in which the principles of the constitution are developed in detail. The lower house has formulated and passed such a bill, and the same is now pending in the Senate. The system of municipal government provided for by this bill shows marked traces of Spanish influence. In fact, many provisions of the old system have been incorporated which have been rejected by Spain herself. The recent reform in the Spanish system effected through the efforts of Señor Maura is in many respects an improvement over the bill passed by the Cuban lower house.

It will be well to postpone a scientific analysis of the new system until it receives the approval of the upper house, or has been rejected by it. Suffice it to say that the time has arrived for such an organization of local government in Cuba to arouse local initiative and to develop national prosperity.

#### FOREIGN CITIES

##### **English Cities.**—*Productive Undertakings of Municipal Corporations.*\*

On March 31, 1902, out of a total of 317 municipal corporations in England and Wales (excluding London), 299 were carrying on one or more productive undertakings. The population of these 299 boroughs by the census of the preceding year was 13,093,870, and their assessable value for rates, out of which the general expenses of the corporations were defrayed, amounted for the year 1900-1901 to about \$275,000,000.

The rapidity with which municipalities are assuming these lines of activity is evidenced by the fact that from January 1, 1898, to March 31, 1902, seventeen corporations commenced water-supply undertakings, nine gas supply, sixty-two electricity supply, and thirty tramway undertakings. Two hundred and twenty-eight cities, well over two-thirds of the total number, conduct their own markets. The enterprise next most generally undertaken is water works, 193 cities owning their works. Baths and wash-houses come

\* Communication of Benjamin C. Marsh, University of Pennsylvania.

next in the list, being operated by 108 municipalities, while only twenty-four have undertaken the task of building and renting working-class dwellings.

A total capital, including borrowed capital, has been provided by the municipalities for these enterprises, amounting to about \$600,000,000. The average annual income of these undertakings for the four years, 1898-1902, amounted to \$63,000,000; the working expenses for the same period were \$41,000,000.

The undertakings which during this period were conducted at a loss were electricity supply, baths and wash-houses, burial grounds, working-class dwellings, harbors, piers, docks and quays. The gas works showed the largest aggregate profit, while the average annual net profit for all the undertakings during the four-year period amounted to £378,281.<sup>9</sup>

**The German Municipal Exposition.**<sup>10</sup>—The object of the German Municipal Exposition held during the past summer at Dresden was twofold:

First. To demonstrate the condition of civic life in Germany at the beginning of the twentieth century, especially as regards the development of the larger communities in Germany during the recent years, and to show the progress made in that time in carrying on civic affairs.

Second. To bring together a collection of German trade appliances and manufactures for the requirements of popular civic life.

The exhibits under the first head were divided into eight groups:

I. Street traffic, public lighting, roadway construction and drainage, bridges and harbors, including excavation work, measuring, surveying, street tramways, etc.

II. Town extension, sanitary and tenement inspection.

III. Public artistic work (architecture, painting, sculpture, etc.).

IV. Public health and well-being, constabulary, etc.

V. School education and instruction.

VI. Indoor and outdoor relief of the poor, care of the sick, charitable schemes and endowments.

VII. Control of cash receipts, of finance operations and of public rates and taxes, the trading of city and town councils, land property and savings banks and loan institutions.

VIII. Registration and office appliances, regulation of fiscal staff, statistics and printed reports, etc.

These exhibits were arranged in the permanent exhibition building erected by the city of Dresden at a cost of about \$450,000, and with a floor space of 55,500 square feet.

The machines, building materials and miscellaneous manufactures of the second division were arranged in a number of small buildings around the main exhibition hall, the entire mode of classification being most carefully arranged, so that the lay mind might secure the largest benefit. The value of the exposition to a foreigner, giving as it did a vivid picture in photographs,

<sup>9</sup> For fuller data see *Municipal Corporations Reproductive Undertakings* brought up to March 31, 1902, in continuation of Parliamentary Paper No. 88, of Session 1899.

<sup>10</sup> Communication of Benjamin C. Marsh, University of Pennsylvania.

models and actual objects of the present-day condition in German cities, lay in its tremendous suggestiveness. Transformed tenements and beautified cities are most important object lessons as to what 128 German cities, with an aggregate population of over thirteen millions, have accomplished in their striving to better conditions. The expenses of the display were guaranteed by the cities in proportion to their population, no provision being made by the central government. An effort has been made by representatives of the State Department to have the entire exposition brought to St. Louis, and it is greatly to be hoped that an appropriation may be made by the directors of that exposition to have the main exhibits there, if the German cities are unable to meet the expense.



## II. DEPARTMENT OF PHILANTHROPY, CHARITIES AND SOCIAL PROBLEMS.

**The System of Charities in Washington, D. C.**<sup>1</sup>—While the general principles of social service seem to be the same in every well-organized association, it is interesting to observe their application to the specific conditions which vary so greatly in different places.

In Washington, for example, of the 3,000 families treated in the course of the year by the Associated Charities, nearly two-thirds are colored, and the recognized lack of principle, of morality, of responsibility, among the colored people, makes the problem of their improvement a harder one than that raised by the simple question of poverty. Washington has no compulsory education law, and has consequently many men and women, grown boys and girls, who can neither read nor write. We can realize what it would mean in our work to have no power beyond our own persuasions to force a refractory boy or girl to attend school. In visiting some of the open-air playgrounds of Washington during school hours, one sees a large number of children of school age, especially boys, who seem to prefer a day of exercise (or idleness) at the playground to the same time spent in gaining an education. Being asked why they do not go to school, they give a full and sufficient reason by saying "Don't want to." I think if the agents of the Associated Charities were asked what one municipal reform would most help them in their work, they would say with one voice, "Give us a compulsory education law and a truant officer."

The oldest section of Washington, and the poorest, is Georgetown, the original site of many old mansions famous in history. The ground is very low, intersected by a canal which is practically an open sewer. The former mansions have fallen to decay, but still serve as tenement homes, where each large family rents one large tumbledown room, and swarms of children, black and white, crowd the halls and stairways. There are many shanties and lean-tos in this section, no better than large packing-boxes thrown on the damp earth, no running water, and no plumbing of any kind. Little wonder that one hears at almost every door, "Johnnie's down with typhoid now," or "Mary has the fever," or "Don't come in, lady; all the children have diphtheria." Here is a section almost entirely without employment for man or woman. There are no manufacturing interests, few stores, very little laboring work, no piers or docks. Most of the families are supported by the women, whose sole form of employment seems to be the mending of canvas sacks,—meal-bags. These sacks are riddled with holes by mice, and are constantly in need of mending. The women may be seen in the streets early in the morning, dragging large bundles of them to their homes, where they spend the rest of the day patching and darning. One poor woman told us quite cheerfully that she counts all the holes, and that

<sup>1</sup> Abstract of address by Helene Ingram, New York, before the staff of the New York Association for Improving the Condition of the Poor.

she never found more than twenty-five in one bag. The pay is one cent for each bag.

These are some of the conditions in the worst section of Washington, where I spent a long afternoon, making some twenty or twenty-five calls with a volunteer worker. The volunteers in Washington, by the way, are a most excellent argument for friendly visiting. A conference class for the training of these unpaid workers is held twice a month at the central office, under Mr. Weller, the general secretary, and after a preliminary training there the volunteers are drafted off to the agencies, where each is placed in charge of one or two carefully selected families.

The paid agents or visitors have almost entire control and responsibility in their own districts, being under no supervision except that of the general secretary, to whom they report occasionally, though not at any stated times, and whom they consult when any question especially puzzling arises. The offices are planned somewhat like those of the New York Charity Organization Society, each office being located in its own district, and consisting of one, two or more rooms, sometimes of a whole small house. There are six division offices. The agent opens her office at nine o'clock, receives and interviews applicants from nine until eleven (sometimes as many as forty being interviewed in one morning), and spends the rest of the day in making visits.

The Associated Charities gives no relief from its own funds, but has the coöperation of the Citizens' Relief Association, which is "all funds," having no paid agents, no office or administrative expenses. All its disbursements are made through the agents of the Associated Charities, and cover food, fuel and shoes. But the agent's work is not all upon her cases. Her office is called a social center, and here are held, on several evenings of the week, classes and meetings, some for contributors, some for mothers, some for boys, for girls, etc. The agent gives addresses before these meetings, and arranges for other speakers also to address them. She takes full charge of the stamp savings, similar to New York's Penny Provident Fund, devoting one afternoon each week to stamp visits; and one agent, last winter, started at her office a sewing-room for poor women. The agents write all the letters regarding their own cases, reports, inquiries and information, and very often write the records themselves. One visiting stenographer from the central office reaches each district office about once a week, and takes a few hours' dictation, later typewriting the records so dictated. Each agent also has a number of friendly visitors reporting to her, in some cases as many as sixty for one district.

At each division office we find, besides the agent of the Associated Charities, a nurse from the Instructive Visiting Nurse Society, together with her closet of medicines, bandages and special bed-clothing for the sick poor. The nurse receives applicants during certain hours, when the office becomes a little dispensary, and she is always ready to visit the cases of illness recommended by the agent.

A pleasant feature of the South is the cordial hospitality with which one meets on every hand. The little children on the street smile at the passing

stranger and say "How do?" and the visitor to the poorest home receives a warm welcome and an invitation to come again soon.

**Charities Building in Baltimore.**—A Federated Charities building has recently been completed in Baltimore. The headquarters were purchased by the Association for the Improvement of the Condition of the Poor from a legacy left by the late J. Craft Whittington, and this association, in pursuance of a plan for coöperative work that was inaugurated some time ago, invited the Charity Organization Society and the Children's Aid Society to share the building. At the opening ceremonies, it was stated that private charity in Baltimore is so comprehensive that official charity is not needed.

**Associated Charities of Salem, Massachusetts.**—The Associated Charities of Salem, Massachusetts, have completed twelve years' labor to unite the charitable activities of the city. All of the local societies and many individuals make use of the bureau of registration, while the Samaritan, St. Vincent de Paul, city relief committees and the municipal poor department are in close touch.

**Public Baths.**—The New York Association for Improving the Condition of the Poor found that of 125,000 persons who used the public baths, only 16,052 were females. The association thinks it has found a remedy by an appeal to their vanity. Cards are now issued with the inscription, "For a soft, rosy complexion, a quick, graceful walk, a healthy appetite, try a shower-bath twice a week."

**Boys' and Girls' Aid Society of Oregon.**—The eighteenth annual report of the Boys' and Girls' Aid Society of Oregon describes some interesting work in that State. The society's activity is limited to the care of homeless, neglected or abused children under sixteen, who are sound mentally and physically. It also receives and cares for "youths under the age of sixteen, who have made their first missteps and are in danger of being imprisoned." What the society calls the "incorrigible class" is kept at the receiving home for "a season," and then paroled under supervision. "Thus we assume to a great extent the work done in the East by juvenile courts, as our methods are nearly identical, with the exception that instead of a report being made to the judges, the delinquent children report to our superintendent, who should have learned by experience to deal with this class much better than the average jurist." We incline to doubt the statement and conclusion, and it seems unfortunate that such an emaciated version of the possibilities of juvenile court work should be presented to the public of Oregon.

The dependent children are placed out in family homes, and visited "at least once a year." Out of 337 children visited, there were only three whom the superintendent found it necessary to remove. Such a remarkable record speaks well for the character of the Oregon families, and excites the envy of child-placing agencies in the East, which visit the children more frequently, and find it desirable—if not absolutely necessary—to transfer many of the children from one family to another.

The legislature appropriates \$8,000 for the use of the society during the next two years. The receipts for the year were \$8,371.18, of which \$4,499.25

was paid by the state and counties, \$3,254.36 was interest and rents collected, and only \$617.57 was contributed by voluntary subscription.

There is no state board of charities in Oregon, and the supervision of this subsidized organization is left to the benevolent citizens who constitute its board of directors. That this plan has so far worked well is attested by the remarkable confidence which the society enjoys, and is due to the calibre of its officers and the fact that its superintendent is a man of high character and ability.

**Seattle Charity Organization Society.**—The Charity Organization Society of Seattle, Washington, has just completed its seventh year. For some years its very existence was precarious, but the period of storm and stress seems to have been happily passed, and its recent report is evidence that it has now found itself, and is strong in the confidence of the community. Under the direction of its secretary, Mr. H. Wirt Steele, formerly of Chicago, the society is branching out into the progressive field of preventive and correctional work. Machinery has been set in motion for the establishment of a juvenile court, and a Charities Indorsement Committee established, to suppress superfluous charities, and give expert advice to legitimate charities for the purpose of increasing their efficiency. This committee is composed of representatives elected by the Chamber of Commerce, Merchants' Association, Manufacturers' Association, also charity societies, and has secured the cordial coöperation of the contributing public. The society publishes a monthly organ, known as the *Exponent*, which serves to voice its needs and to educate public sentiment.

**Indianapolis Charity Organization Society.**—A very interesting report has just been published by the Charity Organization Society of Indianapolis. It is printed in an attractive form and is full of valuable material.

It demonstrates the possibility of controlling mendicancy and pauperism by proper organization and efficient, intelligent work. The society is directed by men of common sense and civic patriotism, able to bring into harmonious coöperation all public and private agencies for the relief of poverty and correction of crime. To build up such an organization and win for it the absolute confidence and coöperation of the public is the work of years.

The work of the society covers an extensive field, but the responses to appeals for money have been most generous. The number of applicants for the year was 1,299. Of this number, 775 were new, and 524 were old; 1,008 were white, and 291 colored.

The society has had for many years efficient coöperation with the township trustees, the city dispensary and the city hospital. The report also states that the work has received the cordial support of the police force and the police judge.

Two years ago the society began a systematic investigation of the needs of the blind and crippled beggars. It was understood that the vicious and immoral should be turned over to the police, but that those who were willing to work should be encouraged to do so. This work continued until the chronic mendicants were driven out of the streets. Many are still living in

the city, but go to the small towns to beg. Only one man during two years showed a willingness to learn a trade. He was blind, and was sent by the society to the blind industrial school, and stayed two weeks, costing the society five dollars. The coöperation of the police in this work has been most valuable, in fact the society is constantly gaining the interest and active, permanent coöperation of associations, individuals and churches.

The committee on friendly visiting has laid the foundation for an aggressive campaign along that line for the coming year.

During the coal famine, the demand was met by citizens, mine owners and the railroads, who placed the responsibility for the distribution of coal upon the society. Noble assistance was given by the *Press*, which sent a representative to the mines, at its own expense, to hasten the shipment. The city furnished four teams for delivering. Able-bodied men, out of work, were employed to handle and deliver the coal. Attention is called to the fact that many boys and girls get their first lessons in stealing by picking coal.

One of the most interesting features of the work is child-saving. The society had been working untiringly to form an organization whose duty it should be to save helpless children from vicious, immoral and cruel parents. A law was passed by the legislature creating a committee called the Board of Children's Guardians; the activity of this board has touched nearly every form of work for children. The board is especially responsible for the passage of the truancy law and the juvenile court law. The tenement house question is under consideration, and first steps were taken last year to improve conditions.

The report speaks very highly of the work done by the Indiana avenue and the Harley Gibbs settlements, and also gives an interesting account of the negro organization for assisting the poor of that race. This work has profited by the suggestions made and the interest shown by the C. O. S.

The past season has been one of unusual activity in summer charities. The Vacant Lots Cultivation and the Fresh Air Mission publish separate reports. The *News'* vacation work has taken a definite form and become an excellent part of the general charity work. The *News* has also furnished free ice to the sick and pasteurized milk to babies. The Indianapolis *Star* made a special effort in behalf of the Fresh Air Mission and raised a considerable part of the funds to run the work. All the papers have assisted greatly during the year. They have never failed to make public appeals for special needs as well as for the general development of benevolent work.

The society is making a specialty of training workers for various fields in charitable and social activities and is also putting forth its first effort toward the prevention and relief of tuberculosis and the study of sanitary conditions. A convalescent home has been planned in one of the healthiest locations in the State, where people with moderate means may, for a small sum, take treatment and rest. In addition to this trained workers are being placed in the field, and by their influence and suggestions will save much unnecessary sickness.



**Child Labor in New Jersey.**—In Governor Murphy's message to the New Jersey legislature in January, 1903, attention was called to various complaints that children of less than the legal age were employed in factories, notably the glass factories of South Jersey. The governor stated that he had investigated these complaints and was satisfied that they were much exaggerated, but recommended that he be given the power to remove the factory inspector for cause at any time, and that the minimum age limit for the employment of boys be raised to fourteen, to correspond with that for girls. His recommendations were adopted by the legislature, with the proviso that the new laws should not go into effect until September 1. It was confidently expected that John C. Ward, the chief inspector, would be removed promptly on this date, but the governor apparently felt that it was unwise to take cognizance of that officer's past neglect of duty, especially in view of the fact that the department of factory inspection was notoriously undermanned, and that the inspector might set this up as an excuse. The governor met the dilemma by putting his secretary, John L. Swayze, in charge of the work of the department. Mr. Ward continued to draw his salary up to the end of the year and then resigned. Mr. Swayze has full control. Already he has proved that so far from the reports of the disobedience of the law being "exaggerated," the actual conditions were actually understated. Some of the material which Mr. Swayze has to work with in his department is not of a high standard, but he has put some backbone into all of his deputies, and has taken hold of his difficult task with great vigor and efficiency.

The New Jersey branch of the Consumers' League invited a number of representatives of educational and philanthropic organizations to meet in Newark on December 5, to discuss present conditions and the needs for further legislation, with a view to forming a permanent child-labor committee. The meeting was presided over by Mr. Hugh F. Fox, who was the chairman of the child-labor committee of the National Conference of Charities which met in Atlanta last spring. Mr. Fox made a plea for the practical coöperation of all the forces which are dealing with children,—the truant officer, probation officer, child-caring societies, associated charities, relief agencies and labor leaders. He declared that at present the factory inspector is overwhelmed with work. "Complaints of child-labor abuses are piling in on him faster than he can handle them; his deputies are discharging children by the score; he has suits enough now on hand to strain his energies for months; and in the midst of all this hurly-burly he must keep his head level and act with cool judgment, lest the law be made so obnoxious that it defeat its own ends! In this transition period of new experience, it is almost impossible to tell precisely what are the exact limitations of the law, or the imperfections of the present system. That some further legislation will eventually be needed, there is little doubt; but the people who are administering the work are best able to decide what it should be, and just when it is expedient to initiate it." In the general discussion which followed, the importance of a working agreement between the factory inspectors and truant officers was emphasized. Mrs. E. E. Williamson declared that the

truant officers could enter the factories without further legislation. The meeting concluded not to advocate any immediate action, but it was felt that the time had come to federate all the forces which are working for the welfare of the child and the preservation of family life. The chairman was empowered to appoint a representative committee, pledged to the support of the departments of factory inspection, public education, juvenile courts, and the State Board of Children's Guardians, in the administration of the laws to benefit children. The committee was instructed to cooperate with these forces and others in securing further facilities for increased efficiency of service.

As soon as the legislature meets, arrangements will no doubt be made to increase the appropriation for the factory inspector's department, so that it may be enabled to perform its duties completely.

**Establishment of a New Jersey State Board of Charities.**—The annual report of the New Jersey State Charities Aid Association has been delivered by Charlton T. Lewis, LL. D., president of the association, to Governor Murphy. Its leading feature is the account given by the general secretary, Frederick H. Wines, LL. D., of the powers, duties and operations of state boards of charities and boards of control in all the states which have, or have had, them. The association will concentrate its efforts at Trenton, this winter, on the establishment of a New Jersey State Board of Charities. Dr. Wines was secretary of the Illinois board from 1869 to 1893, and from 1897 to 1899, when he was appointed assistant director of the United States Census. He has been identified with the movement of which he writes, almost from its beginning, and is qualified to speak on the subject as an expert.

A board of control is an executive board; local boards of trustees are boards of control. A supervisory board, on the other hand, has no executive powers; or if it has any, they relate to individuals, not to the management of institutions. Supervisory boards serve without compensation; the members of state boards of control are usually paid salaries, and are expected to give their entire time to the duties of their office.

There are or have been, in the United States, twenty-eight state boards, of which only eight are central boards of control. An account of each of these twenty-eight boards is given, and an abstract of the laws under which they operate, together with a brief notice of what they have respectively accomplished. So complete a task has never before been attempted, and the collecting of so much interesting and valuable matter in a single state document is a service rendered by this association to the entire country and to the world, which should be appreciated as it deserves. Doubtless the report will be in demand by students everywhere, and it will exert a wide and healthy influence upon the general course of American legislation.

This historical and legal account of the powers and duties of state boards is followed by a well-written and highly readable review of the movement from its start to date. The almshouse is the first eleemosynary institution to be created in any community. The accumulation in it of a mixed population of sufferers suggests the need for classification of paupers. The first

institutions to be provided for special classes, such as pauper children and the pauper insane, are furnished by private benevolence. Then subsidies are asked and granted from the public treasury. Finally, the state itself undertakes to meet this demand, and public charity is born.

The state is sovereign, and what is done in this direction by counties and municipalities, is done by its authority. A moral obligation, therefore, rests upon the state, to see that the functions delegated by it are properly exercised. Hence the need of supervision, which the state boards have been organized to supply.

The question whether advisory or executive state boards are most influential and effective for good, has been repeatedly discussed by the National Conference of Charities at its annual sessions, and the weight of opinion in that body is in favor of boards with powers of visitation, inspection, report and recommendation, leaving the control and management of the state institutions in the hands of individual boards of trust.

The arguments in favor of state boards of control, as presented by their advocates, are fairly and fully stated in the report of the association. Nevertheless, after giving them full consideration, Dr. Wines does not regard them as convincing.

It is pointed out that the Kansas and Wisconsin boards of control have acknowledged and complained of political interference with the appointments made by them to such an extent that it is characterized as "an intolerable evil." The Iowa board is now composed of exceptionally able and upright men, and it is not yet clear what will occur in that state, but the extraordinary provisions in the statutes show that the fear of erecting a gigantic and all-powerful political machine was present to the minds of those by whom it was formed.

Attention is called to the testimony of Mr. James E. Heg, ex-superintendent of the New Jersey Reformatory, founded on his personal and very varied experience both there and in Wisconsin, to the effect that the Wisconsin system destroys the initiative of superintendents, reduces them to the position of figureheads, discourages their ambitions and impairs their usefulness to the state.

A state board of control does not exercise the moral or educational influence that resides in supervisory boards.

Such a board itself needs supervision, which that system does not provide for. With local boards of management and a central supervisory board, the state secures the advantages of both systems; it loses nothing, it gains much. A printed list of the powers conferred upon boards of charities in the various states shows that there is work enough for them to do without imposing on them executive duties, while the special functions which they fulfil cannot be discharged, equally well at least, by state boards of control. One common purpose underlies them all. It can be stated in a single word—publicity. No abuse, no wrong can flourish, except in the dark.

The American state boards of public charity have been the center of one of the most noteworthy movements in the evolution of modern civilization.

From them has gone forth an influence that has been felt at home and abroad, in Europe, and even in Asia. They have been behind three great reforms in this country: its child-saving work, the amelioration of the lot of the insane, and the recent modifications in the treatment of crime and criminals. What they could not do directly they have accomplished indirectly, by organizing state and national conferences of charities and county boards of voluntary auxiliary visitors.

New Jersey has shared in the benefits of this movement, but has not yet taken her proper place in it. Full credit is given the State for what it has achieved in the line of philanthropic advance. The State Board of Health and the State Charities Aid Association have performed some of the functions of a state board. But they have not adequate authority and power, and the association is cramped for funds. What it has accomplished in the face of adverse conditions is surprising; but it is not a board of charities, and that is what the state needs and what the association urges the legislature to create without further delay.

**The New Jersey Training School for Feeble-Minded Girls and Boys.—**

The fifteenth annual report of this institution shows a vigorous growth and improvement in its work. The number of children sent by the State and the number of private and free pupils has increased.

Hon. Philip P. Baker, the president, lays special emphasis on the work in the different school departments. He also calls attention to the work of the board of lady visitors in providing the children with amusements which the latter can appreciate and enjoy.

The present organization of the work under the superintendency of Mr. E. R. Johnstone is especially thorough. The daily facts in connection with each child; its general physical condition, its cleanliness, its habits of sitting, standing or walking, and any possible symptoms of anaemia, the various preliminary tests of sight or hearing; its family history and environment before entering the institution, are all carefully recorded.

The report of the physician (Dr. Charles W. Wilson) shows a favorable condition of health in the institution. Dr. Wilson points out the peculiar value of manual training and gymnastics in that "they are essential in developing dormant faculties and form an important part in the work of 'education by doing.'" The defective child's entire body is stimulated and in that way the brain areas are reached.

**Attempt to Elevate Retail Liquor Business in Ohio.—**At the last annual meeting of the Ohio Brewers' Association, which was held two months ago, the president of the association declared, in his formal address, that it is the duty of the brewers to elevate the retail liquor business and to do all in their power to close disreputable places. He argued that a saloon could and should be conducted as decently as any other business, and that the power to bring saloons to this point lies with the brewers. He recommended that they refuse to sell beer to any place of a low order, and that the retailers be made to understand that if their places are not conducted in a respectable manner they cannot buy beer. The association proved to be

even more radical than its president, for it passed a resolution which went farther than his resolution. The resolution was as follows:

"Resolved, That, whereas the lawless and disreputable element in the saloon business exists to the detriment of all the legitimate interests of the members of the association; be it

"Resolved That it shall be the duty of the executive committee to investigate all cases of complaint involving the conduct of saloons selling beer in this State, and in case it shall be proved to the satisfaction of the committee that a saloon is conducted in a lawless and disreputable manner the member of this association supplying said saloon with beer shall be ordered to immediately discontinue business relations with its proprietor, and to withdraw his support, financial or otherwise, from him; and in case of failure on the part of said member to immediately obey such order of the committee, or in case the saloon shall be supplied or supported by a brewer who is not a member of this association, the committee shall without delay take such measures as may lie in its power, legal or otherwise, to enforce the closing up of such saloon."

It is remarkable that this startlingly novel action of the Ohio brewers has passed almost unnoticed in the press. To those who have any practical experience with the question, it is an event of the greatest significance and a happy augury for the future.



## III. NOTES ON COLONIES AND COLONIAL GOVERNMENT

**Philippine Constabulary.**—The report of the Chief of the Philippine Constabulary, General H. T. Allen, U. S. A., shows material progress in the suppression of ladronism.

By an Act of Congress and the various Acts of the Philippine Commission, the Philippine scouts and the constabulary, while not merged into one organization, mutually support and aid each other and operate under the direction of the civil government.

Twenty-nine companies of scouts, viz.: Nine companies of Macabebes; nine companies of Ilocanos; three companies of Cagayanos; three companies of Tagalos; two companies of Bicol, and three companies of Visayans have been turned over to the civil governor for duty under the chief of the constabulary.

The district chiefs of the constabulary, in setting forth the special events of the year, have shown that the disturbances which are the aftermath of a long period of warfare have been aggravated by plagues affecting man and beast. It is also evident from the ease with which many of the people of the mountains and in remote localities can be deceived by skilful intriguers, that we must be prepared to meet frequent local disturbances for some time to come.

One of the curious and interesting features of the local disturbances is the manner in which religious pretensions are customary among the bandits. Nearly all the more important leaders of the local bands are accustomed to assume authority as "popes" or "bishops" of new religious sects.

The following "popes" have been captured: Rios of Tayabas, Faustina Ablena of Samar, and Fernandez of Laguna. Margarita Pullio and Catalina Furiscal, two women who posed as "saints" and who were interested in the distribution of "anting-antings," were also captured. There still remain "Papa" Isio in the mountain fastnesses of Negros and "King" Apo in Pampanga and Nueva Ecija.

Rios represented himself to be an inspired prophet, and found little difficulty in working on the superstitions of the credulous inhabitants of barrios distant from centers of population. He organized an "Exterior Municipal Government" (for revenue only) with an elaborate equipment of officials. He promoted himself and his followers in rapid succession until he had with him one captain-general, one lieutenant-general, twenty-five major-generals, fifty brigadier-generals, and a host of officers of lower grade.

General Allen calls attention to the specially valuable aid rendered at all times by the governors of the provinces of Bulacan, Rizal, Laguna and Pampanga, and furthermore states that it is his candid opinion that every provincial governor of the archipelago is earnestly and sincerely working in behalf of the duly constituted government of the islands.

With the exception of Surigao and Misamis (Moro provinces in Min-

danao), order has been maintained in the entire archipelago by the constabulary and scouts.

To quote from the report, General Allen says, "I hardly deem it necessary to speak of the expediency, economy, and necessity of maintaining native troops. In former days there were able officers who opposed or doubted the policy of arming Filipinos, but the proven loyalty to the authorities furnishing food, shelter, and clothing, the paucity of desertions, the economy of maintenance, the direct education of the men and its general influence upon the people, and the special fitness of the Filipino for the work required of soldiers in the Philippines have answered their objections.

The Filipinos, like all people, will fight when properly paid, fed, and disciplined, but above all when properly led. This is the keynote to successful use of Filipinos as soldiers. It is therefore of the utmost importance that high-grade officers, thoroughly courageous, upright, sober, intelligent and energetic, be placed over them.

Aside from the strategic importance of the Philippines as a military supply depot where troops and war material may be kept for Oriental emergencies, it is thought that for some time to come the American troops should not be further reduced. After extensive warfare, however humanely conducted, several years must elapse before there is mental pacification, and during this period of adjustment to new conditions it is unwise to ignore the great moral effect of a strong armed force. At present there are in round numbers 18,000 American troops occupying seventy posts.

The firm stand taken by the government towards criminals who pose as patriots, the consistent work of the courts, the field service of the constabulary and scouts, and the vigilance of the Division of Information have been effective in reducing vicious elements and in encouraging loyal ones interested in the prosperity and general welfare of the Philippines. This work continues unabated, and it may be truly said that, since American occupation, peace conditions have never been so real as at present, nor has the outlook for the future been so favorable.

**Government Encouragement of Agriculture in the Philippines.**—The attention of readers of *THE ANNALS* has already been called, at various times, to the valuable work carried on by the Philippine Bureau of Agriculture. As the economic development of the archipelago progresses, the activity of this Bureau becomes more important, until it now promises to be one of the principal means of disseminating scientific information among the agricultural interests of the country and of encouraging the adoption of modern methods. The Bureau has recently issued a valuable commercial bulletin on cocoanut culture, which has been transmitted to the Bureau of Insular Affairs at Washington, and from which the following facts appear:

Cocoanuts in the Philippines furnish two distinct products, the dried meat of the nut, or "copra," and the outer fibrous husk. Until very recently the demand for the "meat" of the cocoanut, or its products, was limited to the uses of soap-boilers and confectioners, but within the past decade

chemical science has produced from the cocoanut a series of food products whose manufacture has revolutionized industry and placed the business of the manufacturers and of the producer upon a plane of prosperity never before enjoyed.

There has also been a great advance in the processes by which the new oil derivatives are manufactured. The United States took the initiative in 1895. In 1897 the Germans established factories in Mannheim, but it remained for the French to bring the industry to its present perfection.

The conversion of cocoanut oil into dietetic compounds was undertaken at Marseilles in 1900, by Messrs. Rocca, Tassy and de Roux, who in that year turned out an average of 25 tons per month. In 1902 their average monthly output exceeded 6,000 tons and, in addition to this, four or five other large factories were working to meet the world's demand for "vegetaline," "cocoaline" or other products with suggestive names, belonging to this infant industry.

These articles are sold at gross price of 18 to 20 cents per kilo to Holland and Danish merchants, who, at the added cost of a cent or two, repack them in tins branded "Dairy Butter" and, as such, ship them to all parts of the world. It was necessary to disguise the earlier products by subjecting them to trituration with milk or cream; but so perfect is the present emulsion that the plain and unadulterated fats now find as ready a market as butter.

The significance of these great discoveries to the cocoanut planter cannot be overestimated. They have a field that is practically without competition and the question will no longer be that of finding a market, but of producing the millions of tons of copra or oil that this one industry will annually absorb in the immediate future.

The fiber of the cocoanut husk, or coir, as it is commercially known, has never yet been utilized in the Philippines. Second in value only to the copra this product has been allowed to go to waste, but highly improved and inexpensive machinery for the complete and easy extraction of the husk fibers is now rapidly superseding the tedious hand process once in general use.

In the Philippines the nuts yield a large amount of fiber and a relatively small percentage of chaff and dust.

There are large areas throughout the littoral valleys of the archipelago, as yet unexploited, which in the essentials of soil, climate, irrigation facilities, and general environment are suitable for cocoanut growing.

The present conditions present especially flattering attractions to cocoanut growers capable of undertaking the cultivation upon a scale of some magnitude. By coöperation, small estates could combine in the common ownership of machinery, whereby the products of growers could be converted into more profitable substances than copra.

The present production of copra (estimated at 278,000 piculs, almost 20,000 tons) is an assurance of a sufficient supply to warrant the erection of a modern plant for the manufacture of the ultimate (the "butter") products of the nut. The average market value of the best grades of copra

in the Marseilles market is \$54.40 gold per English ton. The jobbing value on January 1, 1903, of the refined products, was for each ton of copra:

Butter fats .....	\$90.00
Residual soap oils .....	21.00
Press cake .....	5.20
Total .....	<hr/> \$116.20

The difference representing the profit per ton, less the cost of manufacture.

The minimum size of a plantation on which economical application of oil and fiber preparing machinery could be made, is 60 hectares, approximately 150 acres.

There is no other horticultural tropical product which may be grown in the Philippines where crop assurance may be so nearly guaranteed, or natural conditions so nearly controlled by the planter.

In view of the ever-expanding demand for cocoanut products, the industry promises for many years to be one of the most profitable and desirable enterprises which commands the attention of the Filipino planter.

The Philippine Bureau of Agriculture has also forwarded to the Bureau of Insular Affairs, War Department, a report on the introduction and distribution of seeds and plants in the islands which shows that much has been done in the way of introducing new food and forage plants, as well as new fruits and other growths of economic value.

The experiments already conducted demonstrate that many garden vegetables of northern origin may be grown in great perfection in the Philippines.

Experiments have been tried with artichokes, asparagus, beans, peas, beets, brussels sprouts, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, egg-plant, endives, garlic, leeks, lettuce, muskmelons, water-melons, okra, parsnips, peppers, radishes, rhubarb, salsify, spinach, squash, tomatoes, and turnips.

The results show both success and failures. As was anticipated, the results secured by the Bureau were better than those obtained by the natives who had secured seed for experimental purposes. Beans grew well in many places, while peas gave less satisfactory results. Experiments with pumpkins, cucumbers and melons show a long record of disaster, all practically confined to the ravages of insects or fungous diseases, but it is thought that by planting during the dry season, and by irrigation, better results may be secured.

Egg-plants, tomatoes and peppers, all of unrivaled size and excellence, were generally reported both by natives and by the government agronomic stations. Okra, of tropical Asiatic origin, has given universally good results. The profitable production of beets, turnips, lettuce, endives, spinach and radishes has been demonstrated, and is assured by an intense high-forcing system pursued from the day the seed is sown until the crop is secured.

Among oil-bearing seeds, sesamine, rape, peanuts and sunflower have done well and there seems to be a valuable future for them in the islands.

In the Bureau's trial grounds at Manila, a limited number of Japanese plums, persimmons, chestnuts and grapes have been tried, together with Japanese types of citrus fruits and a few pomegranates. The grapes and persimmons have made a good initial start and the progress of the citrus fruits and pomegranates has been of the best.

Experiments with textile plants have been confined to cotton and jute. While the former has given good results, it is a question whether the native grower has an adequate conception of the standard crop requirements of cotton-growing countries. Jute promises to give excellent returns and it is the opinion of the Bureau that the export trade of British India in this fiber, amounting to \$15,000,000 annually, could be largely diverted to the Philippines.

A number of varieties of coffee have been imported from Java and distributed to planters interested in the attempt to rehabilitate the coffee industry, and the Bureau has raised many thousands of young plants which will be set out under its own direction. Fine varieties of tobacco seed have been distributed in the famous Isabela and Cagayan tobacco districts.

With the experience gained from these first trials as to the best soil, the best time for planting and methods of cultivation, there is no doubt but that vegetable, fruit, forage and other crops will be materially increased and add to the agricultural wealth of the archipelago.

**Internal Improvements in the Provinces.**—The report of M. Crisologo, the governor of the province of Ilocos Sur, has been received by the Bureau of Insular Affairs, War Department, from which the following has been taken:

Since the surrender of the insurgent forces in April, 1901, public order in the province has not been disturbed in the least particular. The collections from all sources during the year 1902 were \$48,788.42 United States currency, and the disbursements were \$41,030.95, leaving a balance in the treasury, January 1, 1903, of \$7,757.47.

There was appropriated during the year, for the repair of roads and bridges, \$18,311.22 Mex. The work done by the Provincial Supervisor up to June of last year succeeded in putting them in fair condition, so that it was possible to travel the whole length of the public wagon-road of the province from north to south, but the rainy season came and destroyed a large portion of the work done.

The construction of roads in such a strong and lasting manner as to resist the destructive action of the rains is an unsolved problem, as yet, in the Philippines. Even during the time of Spanish domination, when the provincial governments had at their disposal the personal labor of the residents, this matter was one that was closely studied, but a satisfactory solution was never reached.

There are in the province 81 public school houses, 5 female and 28 male American teachers, and 157 Filipino teachers. In each of the pueblos there



are at least two schools, one for boys and one for girls, and in the more important towns there are more. Between 16,000 and 17,000 pupils attended school during the last scholastic year, twice as many as were in attendance during the preceding year.

In all the pueblos where American teachers were stationed for some time, there is already a number of boys and girls who can understand and speak English more or less correctly, and in the high school and normal school there is a daily attendance of more than 200 pupils, many of whom are able to converse in English. Such a flattering condition is due, without doubt, to the indefatigable labors and the truly paternal zeal of the American and Filipino teachers.

Agriculture is beginning to improve from its former condition of prostration caused by war and rinderpest. The number of work animals is gradually increasing, and in the majority of pueblos there are enough at least for farming purposes.

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